

SI Financial Group, Inc.  
Form 424B3  
November 19, 2010  
**Table of Contents**

**Filed Pursuant to Rule 424(b)(3)  
Registration Statement No. 333-169302**

Dear Shareholder:

SI Financial Group, Inc. is soliciting shareholder votes regarding the conversion of Savings Institute Bank and Trust Company from the partially public mutual holding company form of organization to the fully-public stock holding company structure. The conversion involves the formation of a new holding company for Savings Institute, which is also to be called SI Financial Group, Inc., the exchange of shares of new SI Financial Group for your shares of the existing SI Financial Group, and the sale by new SI Financial Group of up to 7,546,875 shares of common stock. We also intend to contribute up to \$500,000 in cash to SI Financial Group Foundation, Inc. in connection with the conversion. Other than shares issued in the exchange, we will not issue any shares of new SI Financial Group common stock to SI Financial Group Foundation in connection with the conversion and offering. Upon completion of the transactions, the existing SI Financial Group will cease to exist.

### **The Proxy Vote Your Vote Is Very Important**

We have received conditional regulatory approval to implement the conversion, however we must also receive the approval of our shareholders. Enclosed is a proxy statement/prospectus describing the proposal before our shareholders. **Please promptly vote the enclosed proxy card. Our Board of Directors urges you to vote FOR the plan of conversion and FOR the contribution to the charitable foundation.**

### **The Exchange**

At the conclusion of the conversion, your shares of SI Financial Group common stock will be exchanged for shares of common stock of new SI Financial Group. The number of new shares of SI Financial Group common stock that you receive will be based on an exchange ratio that is described in the attached proxy statement/prospectus. Shortly after the completion of the conversion, our exchange agent will send a transmittal form to each shareholder of SI Financial Group who holds stock certificates. The transmittal form will explain the procedure to follow to exchange your shares. Please do not deliver your certificate(s) before you receive the transmittal form. Shares of SI Financial Group that are held in street name (e.g. in a brokerage account) will be converted automatically at the conclusion of the conversion; no action or documentation is required of you.

### **The Stock Offering**

We are offering the shares of common stock of new SI Financial Group for sale at \$8.00 per share. The shares are being offered in a subscription offering to eligible depositors of Savings Institute. If all shares are not subscribed for in the subscription offering, shares are expected to be available in a community offering to SI Financial Group public shareholders and others not eligible to place orders in the subscription offering. **If you are interested in purchasing shares of our common stock, you may request a stock order form and prospectus by calling our Stock Information Center at the phone number in the Questions and Answers section herein. The stock offering period is expected to expire on December 20, 2010.**

If you have any questions please refer to the Questions and Answers section herein. We thank you for your support as a shareholder of SI Financial Group.

Sincerely,

Rheo A. Brouillard

President and Chief Executive Officer

**This letter is neither an offer to sell nor a solicitation of an offer to buy shares of common stock. The offer is made only by the proxy statement/prospectus. These securities are not deposits or savings accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.**

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**Table of Contents**

**SI FINANCIAL GROUP, INC.**

**(Proposed Holding Company for Savings Institute Bank and Trust Company)**

**PROSPECTUS OF SI FINANCIAL GROUP, INC. (NEW)**

**PROXY STATEMENT OF SI FINANCIAL GROUP, INC.**

Savings Institute Bank and Trust Company is converting from a mutual holding company structure to a fully-public ownership structure. Currently, Savings Institute is a wholly-owned subsidiary of SI Financial Group, Inc. and SI Bancorp, MHC owns 61.9% of SI Financial Group's common stock. The remaining 38.1% of SI Financial Group's common stock is owned by public shareholders. As a result of the conversion, our newly formed company, also called SI Financial Group, will become the parent of Savings Institute. Each share of SI Financial Group common stock owned by the public will be exchanged for between 0.7655 and 1.0357 shares of common stock of new SI Financial Group so that SI Financial Group's existing public shareholders will own approximately the same percentage of new SI Financial Group common stock as they owned of SI Financial Group's common stock immediately before the conversion. The actual number of shares that you will receive will depend on the percentage of SI Financial Group common stock held by the public at the completion of the conversion, the final independent appraisal of new SI Financial Group and the number of shares of new SI Financial Group common stock sold in the offering described in the following paragraph. The exchange ratio will not depend on the market price of SI Financial Group common stock. See *Proposal 1 Approval of the Plan of Conversion Share Exchange Ratio for Current Shareholders* for a discussion of the exchange ratio.

Concurrently with the exchange offer, we are offering up to 7,546,875 shares of common stock (subject to increase to 8,678,906 shares) for sale on a best efforts basis, subject to certain conditions. We must sell a minimum of 5,578,125 shares to complete the offering. All shares are offered at a price of \$8.00 per share. The shares we are offering represent the 61.9% ownership interest in SI Financial Group, a federal corporation, now owned by SI Bancorp, MHC. We are offering the shares of common stock in a subscription offering to eligible depositors of Savings Institute. Shares of common stock not purchased in the subscription offering may be offered for sale to the general public in a community offering, with a preference given to our local communities and the shareholders of SI Financial Group. We also may offer for sale shares of common stock not purchased in the subscription offering or community offering in a syndicated community offering through a syndicate of selected dealers.

The conversion of SI Bancorp, MHC and the offering and exchange of common stock by new SI Financial Group is referred to herein as the conversion and offering. After the conversion and offering are completed, Savings Institute will be a wholly-owned subsidiary of new SI Financial Group, and 100% of the common stock of new SI Financial Group will be owned by public shareholders. As a result of the conversion and offering, the present SI Financial Group and SI Bancorp, MHC will cease to exist.

In connection with the conversion, we also intend to contribute up to \$500,000 in cash to our existing charitable foundation, SI Financial Group Foundation, Inc. Other than shares issued in the exchange, we will not issue any shares of new SI Financial Group common stock to SI Financial Group Foundation in connection with the conversion and offering. See *Proposal 3 Contribution to the Charitable Foundation*.

SI Financial Group's common stock is currently listed on the Nasdaq Global Market under the symbol SIFI. We expect that new SI Financial Group's common stock will trade on the Nasdaq Global Market under the trading symbol SIFID for a period of 20 trading days after the completion of the offering. Thereafter, the trading symbol will be SIFI.

The conversion and offering will be conducted pursuant to the plan of conversion and reorganization (the plan of conversion) of Savings Institute, SI Financial Group and SI Bancorp, MHC. The conversion and offering cannot be completed unless the shareholders of SI Financial Group approve the plan of conversion. Shareholders of SI Financial Group

**Table of Contents**

will consider and vote upon the plan of conversion at SI Financial Group's special meeting of shareholders at the Savings Institute Bank and Trust Company Training Center, 579 North Windham Road, Willimantic, Connecticut, on December 23, 2010 at 1:00 p.m., Eastern time. **SI Financial Group's board of directors recommends that shareholders vote FOR the plan of conversion.**

The contribution to the charitable foundation must also be approved by the shareholders of SI Financial Group at the special meeting of shareholders. However, the completion of the conversion and offering is not dependent upon the approval of the contribution to the charitable foundation. **SI Financial Group's board of directors unanimously recommends that shareholders vote FOR the contribution to the charitable foundation.**

This document serves as the proxy statement for the special meeting of shareholders of SI Financial Group and the prospectus for the shares of new SI Financial Group common stock to be issued in exchange for shares of SI Financial Group common stock. We urge you to read this entire document carefully. You can also obtain information about our companies from documents that we have filed with the Securities and Exchange Commission and the Office of Thrift Supervision. This document does not serve as the prospectus relating to the offering by new SI Financial Group of its shares of common stock in the offering, which will be made pursuant to a separate prospectus.

This proxy statement/prospectus contains information that you should consider in evaluating the plan conversion. **In particular, you should carefully read the section captioned Risk Factors beginning on page 14 for a discussion of certain risk factors relating to the conversion and offering.**

*These securities are not deposits or savings accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.*

*None of the Securities and Exchange Commission, the Office of Thrift Supervision or any state securities regulator has approved or disapproved of these securities or determined if this proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.*

**The date of this proxy statement/prospectus is November 10, 2010, and is first being mailed to shareholders  
of SI Financial Group on or about November 20, 2010.**

**Table of Contents**

**Table of Contents**

	<b>Page</b>
<u>Questions and Answers</u>	i
<u>Summary</u>	1
<u>Risk Factors</u>	14
<u>A Warning About Forward-Looking Statements</u>	23
<u>Selected Consolidated Financial and Other Data</u>	24
<u>Recent Developments</u>	26
<u>Special Meeting of SI Financial Group Shareholders</u>	30
<u>Proposal 1 Approval of the Plan of Conversion</u>	33
<u>Proposals 2a and 2b Informational Proposals Related to the Articles of Incorporation of New SI Financial Group</u>	47
<u>Proposal 3 Contribution to the Charitable Foundation</u>	49
<u>Proposal 4 Adjournment of the Special Meeting</u>	51
<u>Use of Proceeds</u>	52
<u>Our Dividend Policy</u>	54
<u>Market for the Common Stock</u>	55
<u>Capitalization</u>	56
<u>Regulatory Capital Compliance</u>	58
<u>Pro Forma Data</u>	59
<u>Our Business</u>	63
<u>Management's Discussion and Analysis of Results of Operations and Financial Condition</u>	72
<u>Our Management</u>	106
<u>Stock Ownership</u>	125
<u>Subscriptions by Executive Officers and Directors</u>	127
<u>Regulation and Supervision</u>	128
<u>Federal and State Taxation</u>	136
<u>Comparison of Shareholders' Rights</u>	137
<u>Restrictions on Acquisition of New SI Financial Group</u>	143
<u>Description of New SI Financial Group Capital Stock</u>	146
<u>Transfer Agent and Registrar</u>	146
<u>Registration Requirements</u>	147
<u>Legal and Tax Opinions</u>	147
<u>Experts</u>	147
<u>Where You Can Find More Information</u>	148
<u>Index to Financial Statements of SI Financial Group</u>	149

**Table of Contents**

**SI Financial Group, Inc.**

**803 Main Street**

**Willimantic, Connecticut 06226**

**(860) 423-4581**

**Notice of Special Meeting of Shareholders**

On December 23, 2010, SI Financial Group, Inc. will hold its special meeting of shareholders at the Savings Institute Bank and Trust Company Training Center, 579 North Windham Road, Willimantic, Connecticut. The meeting will begin at 1:00 p.m., Eastern time. At the meeting, shareholders will consider and act on the following:

1. The approval of a plan of conversion and reorganization pursuant to which: (A) SI Bancorp, MHC, which currently owns 61.9% of the common stock of SI Financial Group, will merge with and into SI Financial Group, with SI Financial Group being the surviving entity; (B) SI Financial Group will merge with and into new SI Financial Group, a Maryland corporation recently formed to be the holding company for Savings Institute, with new SI Financial Group being the surviving entity; (C) the outstanding shares of SI Financial Group, other than those held by SI Bancorp, MHC, will be converted into shares of common stock of new SI Financial Group; and (D) new SI Financial Group will offer shares of its common stock for sale in a subscription offering and, if necessary, in a community offering and/or syndicated community offering.
2. The following informational proposals:
  - 2a Approval of a provision in new SI Financial Group's articles of incorporation requiring a super-majority vote to approve certain amendments to new SI Financial Group's articles of incorporation; and
  - 2b Approval of a provision in new SI Financial Group's articles of incorporation to limit the voting rights of shares beneficially owned in excess of 10% of new SI Financial Group's outstanding voting stock.
3. The approval of the contribution of up to \$500,000 in cash to SI Financial Group Foundation, Inc., a nonstock Delaware corporation that is dedicated to charitable purposes within the communities in which Savings Institute Bank and Trust Company conducts its business.
4. The approval of the adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the plan of conversion and/or the contribution to the charitable foundation.
5. Such other business that may properly come before the meeting.

NOTE: The board of directors is not aware of any other business to come before the meeting.

The provisions of new SI Financial Group's articles of incorporation, which are summarized as informational proposals 2a and 2b were approved as part of the process in which the board of directors of SI Financial Group approved the plan of conversion. These proposals are informational in nature only, because the Office of Thrift Supervision's regulations governing mutual-to-stock conversions do not provide for votes on matters other than the plan of conversion. While we are asking you to vote with respect to each of the informational proposals listed above, the proposed provisions for which an informational vote is requested will become effective if shareholders approve the plan of conversion, regardless of

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whether shareholders vote to approve any or all of the informational proposals.

Only shareholders as of November 1, 2010 are entitled to receive notice of the meeting and to vote at the meeting and any adjournments or postponements of the meeting.

Please vote the enclosed proxy card , which is solicited by the board of directors. The proxy will not be used if you attend the meeting and vote in person.

BY ORDER OF THE BOARD OF DIRECTORS

Sandra M. Mitchell

*Corporate Secretary*

Willimantic, Connecticut

November 20, 2010

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**Table of Contents**

**Questions and Answers**

You should read this document for more information about the conversion and offering. The plan of conversion and the contribution to the charitable foundation described in this document have been conditionally approved by the Office of Thrift Supervision.

**The Proxy Vote**

**Q. What am I being asked to approve?**

- A. SI Financial Group shareholders as of November 1, 2010 are asked to vote on the plan of conversion. Under the plan of conversion, Savings Institute will convert from the mutual holding company form of organization to the stock holding company form, and as part of such conversion, our newly formed stock holding company, also named SI Financial Group will offer for sale, in the form of shares of its common stock, SI Bancorp, MHC's 61.9% ownership interest in SI Financial Group. In addition to the shares of common stock to be issued to those who purchase shares in the offering, public shareholders of SI Financial Group as of the completion of the conversion and offering will receive shares of new SI Financial Group common stock in exchange for their existing shares of SI Financial Group common stock. The exchange will be based on an exchange ratio that will result in SI Financial Group's existing public shareholders owning approximately the same percentage of new SI Financial Group common stock as they owned of SI Financial Group immediately prior to the conversion and offering.

Shareholders also are asked to vote on the following informational proposals with respect to the articles of incorporation of new SI Financial Group:

Approval of a provision in new SI Financial Group's articles of incorporation requiring a super-majority vote to approve certain amendments to new SI Financial Group's articles of incorporation; and

Approval of a provision in new SI Financial Group's articles of incorporation to limit the voting rights of shares beneficially owned in excess of 10% of new SI Financial Group's outstanding voting stock.

The provisions of new SI Financial Group's articles of incorporation, which are summarized as informational proposals were approved as part of the process in which the board of directors of SI Financial Group approved the plan of conversion. These proposals are informational in nature only, because the Office of Thrift Supervision's regulations governing mutual-to-stock conversions do not provide for votes on matters other than the plan of conversion. While we are asking you to vote with respect to each of the informational proposals listed above, the proposed provisions for which an informational vote is requested will become effective if shareholders approve the plan of conversion, regardless of whether shareholders vote to approve any or all of the informational proposals. The provisions of new SI Financial Group's articles of incorporation which are summarized as informational proposals may have the effect of deterring or rendering more difficult attempts by third parties to obtain control of new SI Financial Group, if such attempts are not approved by the board of directors, or may make the removal of the board of directors or management, or the appointment of new directors, more difficult.

In addition, shareholders will vote on a proposal to contribute to the SI Financial Group Foundation up to \$500,000 in cash and a proposal to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the plan of conversion and/or the contribution to the charitable foundation.

**YOUR VOTE IS IMPORTANT. WE CANNOT COMPLETE THE CONVERSION AND OFFERING AND CONTRIBUTE TO THE CHARITABLE FOUNDATION UNLESS THOSE PROPOSALS RECEIVE THE AFFIRMATIVE VOTE OF A MAJORITY OF SHARES HELD BY OUR PUBLIC SHAREHOLDERS.**

**Q. What is the conversion and related stock offering?**

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- A.** Savings Institute is converting from a partially-public mutual holding company structure to a fully-public stock holding company ownership structure. Currently, SI Bancorp, MHC owns 61.9% of SI Financial Group's common stock. The remaining 38.1% of SI Financial Group's common stock is owned by public shareholders. As a result of the conversion, our newly formed stock holding company, also named SI Financial Group, will become the parent of Savings Institute.
- Shares of common stock of new SI Financial Group, representing the 61.9% ownership interest of SI Bancorp, MHC in SI Financial Group, are being offered for sale to eligible depositors of Savings Institute and, possibly, to the public. At



## Table of Contents

the completion of the conversion and offering, public shareholders of SI Financial Group will exchange their shares of SI Financial Group common stock for shares of common stock of new SI Financial Group.

After the conversion and offering are completed, Savings Institute will be a wholly-owned subsidiary of new SI Financial Group, and 100% of the common stock of new SI Financial Group will be owned by public shareholders. Our organization will have completed the transition from partial to fully-public ownership. As a result of the conversion and offering, SI Financial Group and SI Bancorp, MHC will cease to exist.

See *Proposal 1 Approval of the Plan of Conversion* beginning on page 33 of this proxy statement/prospectus, for more information about the conversion and offering.

### **Q. What are reasons for the conversion and offering?**

- A. The primary reasons for the conversion and offering are to increase capital to support the growth of our interest-earning assets, create a more liquid and active market than currently exists for SI Financial Group common stock, structure our business in a form that will provide improved access to capital markets, and facilitate acquisitions of other financial institutions.

### **Q. What are the reasons for the contribution to the charitable foundation?**

- A. Savings Institute has a long-standing commitment to making charitable contributions within the communities in which we conduct our business. The foundation has enhanced our ability to support community development and charitable causes and the additional funding will provide the charitable foundation with additional liquidity to fulfill its commitment to our communities.

### **Q. How will the contribution to the charitable foundation affect the new stock holding company and its shareholders?**

- A. The contribution of cash to the charitable foundation will result in an expense, and a related reduction in earnings, for the new holding company for the quarter in which the conversion is completed.

### **Q. Why should I vote?**

- A. You are not required to vote, but your vote is very important. For us to implement the plan of conversion and the contribution to the charitable foundation, we must receive the affirmative vote of (1) the holders of at least two-thirds of the outstanding shares of SI Financial Group common stock, including shares held by SI Bancorp, MHC and (2) the holders of a majority of the outstanding shares of SI Financial Group common stock entitled to vote at the special meeting, excluding shares held by SI Bancorp, MHC. **Your board of directors recommends that you vote FOR the plan of conversion and the contribution to the charitable foundation.**

### **Q. What happens if I don't vote?**

- A. **Your prompt vote is very important. Not voting will have the same effect as voting Against the plan of conversion and the contribution to the charitable foundation.** Without sufficient favorable votes FOR the plan of conversion, we cannot complete the conversion and offering. Without sufficient favorable votes FOR the contribution of the charitable foundation, we cannot fund the charitable foundation.

**Q. How do I vote?**

**A.** You should mark your vote, sign your proxy card and return it in the enclosed proxy reply envelope. Alternatively, you may vote by telephone or via the Internet, by following instructions on your proxy card. **PLEASE VOTE PROMPTLY. NOT VOTING HAS THE SAME EFFECT AS VOTING AGAINST THE PLAN OF CONVERSION AND THE CONTRIBUTION TO THE CHARITABLE FOUNDATION.**

**Q. If my shares are held in street name, will my broker automatically vote on my behalf?**

**A.** No. Your broker will not be able to vote your shares without instructions from you. You should instruct your broker to vote your shares, using the directions that your broker provides to you.

**Table of Contents**

**Q. What if I do not give voting instructions to my broker?**

A. Your vote is important. If you do not instruct your broker to vote your shares, the unvoted proxy will have the same effect as a vote against the proposals.

**Q. What if the plan of conversion is approved, but the contribution to the charitable foundation is not approved?**

A. The contribution to the charitable foundation will only be made if both proposals are approved. If the contribution to the charitable foundation is not approved, but the plan of conversion is approved, our board of directors will complete the conversion and offering without the contribution to the charitable foundation.

**Q. If the offering range is changed and all subscribers are given the opportunity to place a new order, will we have an opportunity to vote on the new pro forma market value?**

A. No. We do not intend to seek any additional approvals from shareholders in connection with setting a new offering range.

**The Exchange**

**Q. I currently own shares of SI Financial Group common stock. What will happen to my shares as a result of the conversion?**

A. At the completion of the conversion, your shares of SI Financial Group common stock will be canceled and exchanged for shares of common stock of new SI Financial Group, a newly formed Maryland corporation. The number of shares you will receive will be based on an exchange ratio, determined as of the completion of the conversion and offering, that is intended to result in SI Financial Group's existing public shareholders owning approximately 38.1% of new SI Financial Group's common stock, which is the same percentage of SI Financial Group common stock currently owned by existing public shareholders.

**Q. Does the exchange ratio depend on the market price of SI Financial Group common stock?**

A. No, the exchange ratio will not be based on the market price of SI Financial Group common stock. Therefore, changes in the price of SI Financial Group common stock between now and the completion of the conversion and offering will not effect the calculation of the exchange ratio.

**Q. How will the actual exchange ratio be determined?**

A. Because the purpose of the exchange ratio is to maintain the ownership percentage of the existing public shareholders of SI Financial Group, the actual exchange ratio will depend on the number of shares of new SI Financial Group's common stock sold in the offering and, therefore, cannot be determined until the completion of the conversion and offering.

**Q. How many shares will I receive in the exchange?**

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- A. You will receive between 0.7655 and 1.0357 (subject to increase to 1.1910) shares of new SI Financial Group common stock for each share of SI Financial Group common stock you own on the date of the completion of the conversion and offering. For example, if you own 100 shares of SI Financial Group common stock, and the exchange ratio is 0.9006 (at the midpoint of the offering range), you will receive 90 shares of new SI Financial Group common stock and \$0.04 in cash, the value of the fractional share, based on the \$8.00 per share purchase price in the offering. Shareholders who hold shares in street name at a brokerage firm or whose shares are held in book-entry form by our transfer agent will receive these funds in their accounts. Shareholders who hold stock certificates will receive a check in the mail.

**Q. Why did the board of directors base the exchange ratio on an \$8.00 per share stock price?**

- A. In adopting the plan of conversion, the board of directors focused on the value of the shares to be received in the exchange in comparison to the market price of SI Financial Group common stock. Because SI Financial Group common stock has been trading below \$10.00 per share since 2008, the board of directors concluded that an offering price of \$8.00 is consistent with the historical trading range of our stock.

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**Table of Contents**

**Q. Why does the board of directors support the conversion if the value of the shares to be received in the exchange might be less than the current market value of SI Financial Group common stock?**

A. Over the 30 trading days before September 9, 2010, which is the date on which the board of directors adopted the plan of conversion, the price of SI Financial Group common stock traded between \$6.00 and \$6.90. Based on the offering price of \$8.00 per share and the exchange ratio, the value of the shares to be received in exchange for each share of SI Financial Group common stock would range from \$6.12 to \$9.53. In adopting the plan of conversion, the board of directors focused on our prospects for generating shareholder value and on the price of our stock relative to our peers. For the reasons described above, the board of directors concluded that converting to the stock holding company form would give us the best opportunity to generate shareholder value. The board of directors also considered that compared to the peer group used in RP Financial's appraisal of our common stock, our common stock would be priced at a discount of 13.5% to the peer group on a price-to-book basis and at a discount of 18.3% to the peer group on a price-to-tangible book basis, which could make our stock an attractive investment.

**Q. Why doesn't SI Financial Group wait to conduct the conversion until the stock market improves so that current shareholders can receive a higher exchange ratio?**

A. The board of directors believes that because the stock holding company form of organization offers important advantages, it is in the best interests of our shareholders to complete the conversion and offering sooner rather than later. There is no way to know when market conditions will change or how they might change, or how changes in market conditions might affect stock prices for financial institutions. The board of directors concluded that it would be better to complete the conversion and offering now, under a valuation that offers a fair exchange ratio to existing shareholders and an attractive price to new investors, rather than wait an indefinite amount of time for market conditions that may result in a higher exchange ratio but a less attractive valuation for new investors.

**Q. Should I submit by stock certificates now?**

A. No. If you hold a stock certificate for SI Financial Group common stock, instructions for exchanging your certificate will be sent to you after completion of the conversion and offering. Until you submit the transmittal form and certificate, you will not receive your new certificate and check for cash in lieu of fractional shares, if any. If your shares are held in street name at a brokerage firm, the share exchange and payment of cash in lieu of fractional shares will occur automatically within your brokerage account upon completion of the conversion and offering, without any action on your part. **Please do not send in your stock certificate until you receive a transmittal form and instructions.**

**Stock Offering**

**Q. May I place an order to purchase shares in the offering, in addition to the shares that I will receive in the exchange?**

A. Eligible depositors of Savings Institute have priority subscription rights allowing them to purchase common stock in the subscription offering. Shares not purchased in the subscription offering may be made available for sale to the public in a community offering. SI Financial Group shareholders as of November 1, 2010 have a preference in the community offering after orders submitted by residents of our communities.

If you would like to receive a prospectus and stock order form, please call our Stock Information Center toll-free at (877) 643-8198 from 10:00 a.m. to 4:00 p.m., Eastern time, Monday through Friday. The Stock Information Center will be closed weekends and bank holidays.

**Stock order forms, along with full payment, must be received (not postmarked) no later than 2:00 p.m., Eastern time on December 20, 2010.**



**Table of Contents**

**Other Questions?**

For answers to questions about the conversion or voting, please read this proxy statement/prospectus. Questions about voting may be directed to our proxy information agent, Phoenix Advisory Partners, by calling toll-free (800) 576-4314, Monday through Friday, from 9:00 a.m. to 5:00 p.m., Eastern time. For answers to questions about the stock offering, you may call our Stock Information Center, toll-free, at (877) 643-8198 from 10:00 a.m. to 4:00 p.m. Eastern time, Monday through Friday. A copy of the plan of conversion is available from Savings Institute upon written request to the Corporate Secretary and is available for inspection at the offices of Savings Institute and at the Office of Thrift Supervision.

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**Table of Contents**

**Summary**

*This summary highlights material information from this document and may not contain all the information that is important to you. To understand the conversion and offering fully, you should read this entire document carefully.*

**Special Meeting of Shareholders**

**Date, Time and Place; Record Date**

The special meeting of SI Financial Group shareholders is scheduled to be held at the Savings Institute Bank and Trust Company Training Center, 579 North Windham Road, Willimantic, Connecticut at 1:00 p.m., Eastern time, on December 23, 2010. Only SI Financial Group shareholders of record as of the close of business on November 1, 2010 are entitled to notice of, and to vote at, the special meeting of shareholders and any adjournments or postponements of the meeting.

**Purpose of the Meeting**

Shareholders will be voting on the following proposals at the special meeting:

1. Approval of the plan of conversion;
2. The following informational proposals:
  - 2a Approval of a provision in new SI Financial Group's articles of incorporation requiring a super-majority vote to approve certain amendments to new SI Financial Group's articles of incorporation; and
  - 2b Approval of a provision in new SI Financial Group's articles of incorporation to limit the voting rights of shares beneficially owned in excess of 10% of new SI Financial Group's outstanding voting stock;
3. Approval of the contribution to the charitable foundation; and
4. Approval of the adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the plan of conversion and the contribution to the charitable foundation.

The provisions of new SI Financial Group's articles of incorporation, which are summarized as informational proposals 2a and 2b were approved as part of the process in which the board of directors of SI Financial Group approved the plan of conversion. These proposals are informational in nature only, because the Office of Thrift Supervision's regulations governing mutual-to-stock conversions do not provide for votes on matters other than the plan of conversion. While we are asking you to vote with respect to each of the informational proposals listed above, the proposed provisions for which an informational vote is requested will become effective if shareholders approve the plan of conversion, regardless of whether shareholders vote to approve any or all of the informational proposals. The provisions of new SI Financial Group's articles of incorporation, which are summarized as informational proposals may have the effect of deterring or rendering more difficult attempts by third parties to obtain control of new SI Financial Group, if such attempts are not approved by the board of directors, or may make the removal of the board of directors or management, or the appointment of new directors, more difficult.

**Vote Required**

**Proposal 1: Approval of the Plan of Conversion.** Approval of the plan of conversion requires the affirmative vote of holders of at least *two-thirds of the outstanding shares* of SI Financial Group, including shares held by SI Bancorp, MHC and *a majority of the votes eligible to be cast* by shareholders of SI Financial Group, excluding shares held by SI Bancorp, MHC.



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**Informational Proposals 2a and 2b.** While we are asking you to vote with respect to each of the informational proposals listed above, the proposed provisions for which an informational vote is requested will become effective if shareholders approve the plan of conversion, regardless of whether shareholders vote to approve any or all of the informational proposals.

**Proposal 3: Approval of the Contribution to the Charitable Foundation.** The contribution of up to \$500,000 in cash to the SI Financial Group Foundation must be approved by at least a majority of the total number of votes entitled to be cast at the special meeting by SI Financial Group shareholders, and by at least a majority of the total number of votes entitled to be cast at the special meeting by SI Financial Group shareholders other than SI Bancorp, MHC.

## **Table of Contents**

**Proposal 4: Approval of the Adjournment of the Special Meeting.** We must obtain the affirmative vote of the majority of the shares represented at the special meeting and entitled to vote to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the proposals to approve the plan of conversion and/or to approve the contribution to the charitable foundation.

As of the record date, there were 11,777,496 shares of SI Financial Group common stock outstanding, of which SI Bancorp, MHC owned 7,286,975. The directors and executive officers of SI Financial Group (and their affiliates), as a group, beneficially owned 298,783 shares of SI Financial Group common stock, representing 2.5% of the outstanding shares of SI Financial Group common stock and 6.7% of the shares held by persons other than SI Bancorp, MHC as of such date. SI Bancorp, MHC and our directors and executive officers intend to vote their shares in favor of the plan of conversion.

### **Our Company**

SI Financial Group is, and new SI Financial Group following the completion of the conversion and offering will be, the unitary savings and loan holding company for Savings Institute, a federally chartered savings bank. SI Financial Group is a federally chartered corporation and new SI Financial Group is a Maryland chartered corporation. Savings Institute is headquartered in Willimantic, Connecticut and has provided community banking services to its customers since 1842. We currently operate 21 full-service locations in Hartford, Middlesex, New London, Tolland and Windham Counties in Connecticut and one trust servicing office on Rutland, Vermont. Our common stock is traded on the Nasdaq Global Select Market under the symbol SIFI.

At June 30, 2010, SI Financial Group had consolidated total assets of \$889.4 million, net loans of \$606.5 million, total deposits of \$676.8 million and total shareholders' equity of \$81.2 million. At June 30, 2010, Savings Institute exceeded all regulatory capital requirements and was not a participant in any of the U.S. Treasury's capital raising programs for financial institutions. Our principal executive offices are located at 803 Main Street, Willimantic, Connecticut 06226 and our telephone number is (860) 423-4581. Our web site address is [www.savingsinstitute.com](http://www.savingsinstitute.com). Information on our website should not be considered a part of this proxy statement/prospectus.

### **The Conversion**

#### **Description of the Conversion (page 33)**

In 2000, we reorganized Savings Institute into a stock savings bank with a mutual holding company structure. In 2004, we formed SI Financial Group as the mid-tier holding company for Savings Institute and sold a minority interest in SI Financial Group common stock to our depositors and our employee stock ownership plan in a subscription offering and contributed shares to our charitable foundation. The majority of SI Financial Group's shares were issued to SI Bancorp, MHC, a mutual holding company organized under federal law. As a mutual holding company, SI Bancorp, MHC does not have any shareholders, does not hold any significant assets other than the common stock of SI Financial Group, and does not engage in any significant business activity. Our current ownership structure is as follows:

## **Table of Contents**

The second-step conversion process that we are now undertaking involves a series of transactions by which we will convert our organization from the partially public mutual holding company form to the fully public stock holding company structure. In the stock holding company structure, all of Savings Institute's common stock will be owned by new SI Financial Group, and all of new SI Financial Group's common stock will be owned by the public. We are conducting the conversion and offering under the terms of our plan of conversion and reorganization (which is referred to as the plan of conversion). Upon completion of the conversion and offering, the present SI Financial Group and SI Bancorp, MHC will cease to exist.

As part of the conversion, we are offering for sale common stock representing the 61.9% ownership interest of SI Financial Group that is currently held by SI Bancorp, MHC. At the conclusion of the conversion and offering, existing public shareholders of SI Financial Group will receive shares of common stock in new SI Financial Group in exchange for their existing shares of common stock of SI Financial Group, based upon an exchange ratio of 0.7655 to 1.0357. The actual exchange ratio will be determined at the conclusion of the conversion and the offering based on the total number of shares sold in the offering, and is intended to result in SI Financial Group's existing public shareholders owning the same percentage interest, 38.1%, of new SI Financial Group common stock as they currently own of SI Financial Group common stock, before giving effect to cash paid in lieu of issuing fractional shares and shares that existing shareholders may purchase in the offering. In addition, we intend to make a cash contribution to our existing charitable foundation to provide the foundation with additional liquidity. Other than shares issued in the exchange, we will not issue any shares of new SI Financial Group common stock to the foundation in connection with the conversion and offering.

After the conversion and offering, our ownership structure will be as follows:

We may cancel the conversion and offering with the concurrence of the Office of Thrift Supervision. If cancelled, orders for common stock already submitted will be cancelled, subscribers' funds will be promptly returned with interest calculated at Savings Institute's passbook savings rate and all deposit account withdrawal authorizations will be cancelled.

The normal business operations of Savings Institute will continue without interruption during the conversion and offering, and the same officers and directors who currently serve Savings Institute in the mutual holding company structure will serve the new holding company and Savings Institute in the fully converted stock form.

### **Reasons for the Conversion and Offering (page 33)**

Our primary reasons for the conversion and offering are the following:

While Savings Institute currently exceeds all regulatory capital requirements to be considered a well capitalized institution, the proceeds from the sale of common stock will increase our capital, which will support continued lending and operational growth. In deciding to conduct the conversion and offering at this time, our board of directors considered current market conditions, the amount of capital needed for continued growth, that the offering will not raise an excessive amount of capital and the interests of existing shareholders and customers.

The larger number of shares that will be in the hands of public investors after completion of the conversion and offering is expected to result in a more liquid and active trading market than currently exists for SI Financial Group common stock. A more liquid and active trading market would make it easier for our shareholders to buy and sell our common stock. See *Market for the Common Stock*.

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**Table of Contents**

The stock holding company structure is a more familiar form of organization, which we believe will make our common stock more appealing to investors, and will give us greater flexibility to access the capital markets through possible future equity and debt offerings and to acquire other financial institutions or financial service companies. Our current mutual holding structure limits our ability to raise capital or issue stock in an acquisition transaction because SI Bancorp, MHC must own at least 50.1% of the shares of SI Financial Group. Currently, however, we have no plans, agreements or understandings regarding any additional securities offerings or acquisitions.

We are currently regulated by the Office of Thrift Supervision. The financial regulatory reform legislation will result in changes to our primary bank regulator and holding company regulator, as well as changes in regulations applicable to us, which may include changes in regulations affecting capital requirements, payment of dividends and conversion to stock form. Specifically, under the Dodd-Frank Act, the Federal Reserve Board will become the sole federal regulator of all holding companies, including mutual holding companies, and the Federal Reserve Board historically has not allowed mutual holding companies to waive the receipt of dividends from their mid-tier holding company subsidiaries. Although SI Bancorp, MHC is considered a grandfathered mutual holding company under the Dodd-Frank Act, it is not clear how the Federal Reserve Board will evaluate dividend waivers by grandfathered mutual holding companies and whether the Federal Reserve Board would require any future waived dividends to be taken into account in determining an appropriate exchange ratio, which would result in dilution to the ownership interests of minority stockholders in the event of a second-step conversion to stock form. The reorganization will eliminate our mutual holding company structure and any regulatory uncertainty associated with dividend waivers by our mutual holding company, as well as the treatment of waived dividends in a conversion of our mutual holding company to stock form and better position us to meet all future regulatory capital requirements. See *Regulation and Supervision*.

**Conditions to Completing the Conversion and Offering**

We cannot complete the conversion and offering unless:

the plan of conversion is approved by at least *a majority of votes eligible to be cast* by depositors of Savings Institute;

the plan of conversion is approved by at least *two-thirds of the outstanding shares* of SI Financial Group, including shares held by SI Bancorp, MHC;

the plan of conversion is approved by at least *a majority of the outstanding shares* of SI Financial Group, excluding the shares held by SI Bancorp, MHC;

we sell at least the minimum number of shares offered; and

we receive the final approval of the Office of Thrift Supervision to complete the conversion and offering.

Subject to member, shareholder and regulatory approvals, we also intend to contribute cash to our existing charitable foundation, SI Financial Group Foundation, in connection with the conversion. However, member and shareholder approval of the contribution to the charitable foundation is not a condition to the completion of the conversion and offering.

SI Bancorp, MHC, which owns 61.9% of the outstanding shares of SI Financial Group, intends to vote these shares in favor of the plan of conversion and the contribution to the charitable foundation. In addition, as of November 1, 2010, directors and executive officers of SI Financial Group and their associates beneficially owned 298,783 shares of SI Financial Group or 2.5% of the outstanding shares. They intend to vote those shares in favor of the plan of conversion and the contribution to the charitable foundation.



**Table of Contents****The Exchange of Existing Shares of SI Financial Group Common Stock (page 35)**

If you are a shareholder of SI Financial Group on the date we complete the conversion and offering, your existing shares will be cancelled and exchanged for shares of new SI Financial Group. The number of shares you will receive will be based on an exchange ratio determined as of the completion of the conversion and offering that is intended to result in SI Financial Group's existing public shareholders owning approximately 38.1% of new SI Financial Group's common stock, which is the same percentage of SI Financial Group common stock currently owned by existing public shareholders. The exchange ratio will not be based on the market price of SI Financial Group common stock. The following table shows how the exchange ratio will adjust, based on the number of shares sold in our offering. The table also shows how many shares a hypothetical owner of 100 shares of SI Financial Group common stock would receive in the exchange, based on the number of shares sold in the offering.

	Shares to be Sold In the Offering		Shares to be Exchanged for Existing Shares of SI Financial Group		Total Shares of Common Stock to be Outstanding	Exchange Ratio	Equivalent	Equivalent	Shares to
	Amount	Percent	Amount	Percent			Per Share Value (1)	Pro Forma Book Value Per Share (2)	Received for 100 Existing Shares (3)
Minimum	5,578,125	61.9%	3,437,460	38.1%	9,015,585	0.7655	\$ 6.12	\$ 9.70	76
Midpoint	6,562,500	61.9%	4,044,071	38.1%	10,606,571	0.9006	7.20	10.28	90
Maximum	7,546,875	61.9%	4,650,682	38.1%	12,197,557	1.0357	8.29	10.86	103
Maximum, as adjusted									