

INDEPENDENT BANK CORP

Form DEF 14A

February 28, 2007

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**INDEPENDENT BANK CORP.**

---

(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):

- 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:
  
  - (2) Aggregate number of securities to which transaction applies:
  
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
  - (4) Proposed maximum aggregate value of transaction:
  
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.

Edgar Filing: INDEPENDENT BANK CORP - Form DEF 14A

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

- (1) Amount Previously Paid:

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

- (3) Filing Party:

- (4) Date Filed:

---

**Table of Contents**

March 5, 2007

Dear Fellow Shareholder:

I am pleased to invite you to our 2007 Annual Shareholders Meeting, which will be held at 10:00 a.m. on Thursday, April 12, 2007 at the Radisson Hotel in Rockland, Massachusetts. The formal meeting notice and proxy statement on the following pages contain information about the meeting.

Once the formal annual meeting is over, I will give a brief presentation. If you plan on coming to the meeting in person, please register in advance by returning the enclosed RSVP card to our Clerk Linda M. Campion as soon as you can. I look forward to personally greeting those of you who will be able to attend.

Whether or not you plan to attend, you can insure that your shares are represented at the meeting by promptly voting and submitting your proxy. Voting procedures are described in the proxy statement and on the proxy form. Your vote is important, so I urge you to cast it promptly.

Two of our directors will have retired by the time of our annual meeting. In January 2007 Alfred L. Donovan retired from the Board upon reaching the age of 72, the mandatory retirement age for directors set forth in our governance principles. E. Winthrop Hall will also be retiring in early April when he turns 72. Al was first elected a director on October 5, 1967, over 39 years ago. Win has served on the Board for over 25 years, since his first election in 1980. Al and Win are two of the most dedicated directors to ever serve Rockland Trust Company. On behalf of our grateful shareholders and the rest of the Board, I thank Al and Win for their many years of devoted service.

Cordially,

Christopher Oddleifson  
President and Chief Executive Officer  
Independent Bank Corp.  
Rockland Trust Company

---

**Table of Contents**

**DIRECTIONS TO ANNUAL MEETING**

**DRIVING DIRECTIONS**

**From Boston and Points North:**

- Ø Take Route 93 South to Route 3 South
- Ø Take Exit 14 (Rockland, Nantasket) off Route 3
- Ø At the end of the exit ramp bear right onto Hingham Street (Route 228)
- Ø The Radisson Hotel is located approximately 0.4 miles on the left behind Bellas Restaurant.

**From Cape Cod:**

- Ø Take Route 3 North to Exit 14 (Rockland, Nantasket)
  - Ø At the end of the exit ramp turn left onto Hingham Street (Route 228)
  - Ø The Radisson Hotel is located approximately 0.7 miles on the left behind Bellas Restaurant.
-

**Table of Contents**

NOTICE OF ANNUAL SHAREHOLDERS MEETING

The Annual Shareholders Meeting of Independent Bank Corp. will be held at the

**RADISSON HOTEL ROCKLAND**

929 Hingham Street

Rockland, Massachusetts 02370

on April 12, 2007 at 10:00 a.m.

At the annual meeting Independent Bank Corp. will ask you to:

- (1) Reelect W. Paul Clark, Benjamin A. Gilmore, II, Eileen C. Miskell, and John H. Spurr, Jr. to serve as Class II Directors;
- (2) Ratify the selection of KPMG LLP as the independent registered public accounting firm of Independent Bank Corp. for 2007; and
- (3) Transact any other business which may properly come before the annual meeting.

You may vote at the annual meeting if you were a shareholder of record at the close of business on February 16, 2007.

By Order of the Independent Bank Corp. Board of Directors

Linda M. Campion

*Clerk*

Rockland, Massachusetts

March 5, 2007

**YOUR VOTE IS IMPORTANT REGARDLESS OF HOW MANY SHARES YOU OWN! Whether or not you plan to attend the annual meeting, please promptly vote your shares. Voting procedures are described in the proxy statement and on the proxy form.**

---

**Table of Contents**

**INDEPENDENT BANK CORP. PROXY STATEMENT**

**TABLE OF CONTENTS**

	<b>Page(s)</b>
<u>THE ANNUAL MEETING AND VOTING PROCEDURES</u>	
<u>What is the purpose of the annual meeting?</u>	1
<u>Who can vote?</u>	1
<u>How do I vote?</u>	1
<u>Can I change my vote?</u>	1
<u>Who is asking for my vote?</u>	2
<u>What are your voting recommendations?</u>	2
<u>How many votes are needed?</u>	2
<u>Who can attend the meeting?</u>	2
<u>How many shareholders need to attend the meeting?</u>	2
<u>Householding of annual meeting materials</u>	3
<u>MATTERS TO BE VOTED UPON AT ANNUAL MEETING</u>	
<u>Election of Directors (Notice Item 1)</u>	3
<u>Ratification of KPMG LLP As Independent Registered Public Accounting Firm (Notice Item 2)</u>	4
<u>Other Matters (Notice Item 3)</u>	5
<u>BOARD OF DIRECTORS INFORMATION</u>	
<u>Current Board Members</u>	5
<u>Corporate Governance Information</u>	6
<u>Shareholder Communications to Board</u>	6
<u>Shareholder Director Nominations</u>	7
<u>Shareholder Proposals for Next Annual Meeting</u>	7
<u>Director Attendance at Annual Shareholder Meeting and Meetings of the Board and its Committees</u>	7
<u>Compensation Committee Interlocks and Insider Participation</u>	8
<u>Director Cash and Equity Compensation</u>	8
<u>Director Cash Compensation</u>	9
<u>Director Equity Compensation</u>	9
<u>Director Compensation Table</u>	10
<u>Report of the Audit Committee</u>	11
<u>Related Party Transactions</u>	12

---

**Table of Contents**

	<b>Page(s)</b>
<u>EXECUTIVE OFFICER INFORMATION</u>	
<u>Current Executive Officers</u>	13
<u>Compensation Discussion and Analysis</u>	14
<u>Compensation Committee – Composition and Responsibility</u>	14
<u>Compensation Philosophy</u>	15
<u>Peer Groups and Benchmarks</u>	15
<u>Executive Compensation – Elements</u>	15
<u>Base Salary</u>	16
<u>Annual Cash Incentive Compensation</u>	16
<u>Long Term Compensation</u>	17
<u>Equity Compensation</u>	17
<u>Benefits</u>	18
<u>Nonqualified Retirement Plans for Executive Officers</u>	18
<u>Qualified Retirement Plans for Executive Officers</u>	18
<u>Employment Agreements</u>	18
<u>CEO Employment Agreement</u>	19
<u>Executive Officer Employment Agreements</u>	19
<u>Tabular Disclosures Regarding Executive Officers</u>	21
<u>Summary Compensation Table</u>	21
<u>2007 Stock Option Awards</u>	22
<u>Grants of Plan-Based Awards</u>	22
<u>Outstanding Equity Awards at Fiscal-Year End</u>	23
<u>Option Exercises and Stock Vested</u>	24
<u>Pension Benefits</u>	24
<u>Deferred Compensation</u>	24
<u>Compensation Committee Report</u>	24
<u>STOCK OWNERSHIP AND OTHER MATTERS</u>	
<u>Common Stock Beneficially Owned by any Entity with 5% or More of Common Stock and Owned by Directors and Executive Officers</u>	25
<u>Beneficial Ownership Reporting Compliance</u>	27
<u>Solicitation of Proxies and Expenses of Solicitation</u>	27
<u>Annual Report and Form 10-K</u>	27

---



**Table of Contents**

2007 PROXY STATEMENT

**THE ANNUAL MEETING AND VOTING PROCEDURES**

**What is the purpose of the annual meeting?**

At the annual meeting shareholders will vote upon the matters that are summarized in the formal meeting notice. This proxy statement contains important information for you to consider when deciding how to vote on the matters before the meeting. Please read it carefully.

**Who can vote?**

Shareholders of record at the close of business on February 16, 2007 are entitled to vote. Each share of common stock is entitled to one vote at the annual meeting. On February 16, 2007 there were 14,521,860.46 shares of our common stock eligible to vote.

**How do I vote?**

If you are a registered shareholder (that is, if you hold shares that are directly registered in your own name) you have four voting options:

Over the internet, which we encourage if you have internet access, at the internet address shown on your proxy form;

By telephone, by calling the telephone number on your proxy form;

By mail, by completing, signing, dating, and returning your proxy form; or

By attending the annual meeting and voting your shares in person.

If your shares are held in the name of a bank, broker, or other nominee, which is referred to as being held in street name, you will receive separate voting instructions with your proxy materials. If you hold your shares in street name, your ability to vote by internet or by telephone depends on the voting process of the bank, broker, or other nominee that holds your shares. Although most banks, brokers, and nominees also offer internet and telephone voting, availability and specific procedures will depend on their voting arrangements. Please follow their directions carefully. If you want to vote shares that you hold in street name at the meeting, you must request a legal proxy from the bank, broker, or other nominee that holds your shares and present that proxy, along with proof of your identity, at the meeting.

**Can I change my vote?**

You may revoke your proxy and change your vote at any time before voting begins at the annual meeting.

Any shareholder giving a proxy has the power to revoke it at any time before it is exercised by (i) filing a written notice of revocation with our clerk at least one business day prior to the meeting, (ii) submitting a duly executed proxy bearing a later date which is received by our clerk at least one business day prior to the meeting, or (iii) by appearing at the meeting in person and giving our clerk proper written notice of his or her intention to vote in person.

If your shares are held in street name, you should contact your bank, broker, or other nominee to revoke your proxy or, if you have obtained a legal proxy from your bank, broker, or other nominee giving you the right to vote your shares at the meeting, you may change your vote by attending the meeting and voting in person.

**Table of Contents**

**Who is asking for my vote?**

The Independent Bank Corp. Board of Directors (the Board ) is requesting your vote. We filed this proxy statement with the United States Securities and Exchange Commission (the SEC ) on February 28, 2007 and the Board anticipates that it will be mailed to you on or about March 5, 2007.

**What are your voting recommendations?**

The Board recommends that you vote as follows:

- (1) **FOR ALL NOMINEES** with respect to the reelection of W. Paul Clark, Benjamin A. Gilmore, II, Eileen C. Miskell, and John H. Spurr, Jr. as Class II directors; and
- (2) **FOR** with respect to ratifying the appointment of KPMG LLP as our independent registered public accounting firm for 2007.

Each proxy that the Board receives that is not timely revoked, in writing, will be voted in accordance with the instructions it contains. The Board will only use proxies received prior to or at the annual meeting and any adjournments thereof. Upon such other matters as may properly come before the meeting, the persons appointed as proxies will vote in accordance with their best judgment.

**How many votes are needed?**

The amount of votes required for approval of the matters to be considered is as follows:

A plurality of votes cast by shareholders present, in person or by proxy, at the annual meeting is required for the election of directors. Plurality means that the nominees receiving the largest number of votes cast are elected as directors up to the maximum number of directors who are nominated to be elected at the meeting. At our meeting the maximum number of Class II directors to be elected is five.

A majority of votes cast by shareholders present, in person or by proxy, at the annual meeting is required to ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2007.

Abstentions (a proxy that withholds authority to vote) are counted as negative votes in the tabulation of the votes on proposals presented to shareholders. Broker non-votes are disregarded for purposes of determining whether a proposal has been approved.

Banks, brokers, or other nominees may vote shares held for a customer in street name on matters that are considered to be routine even if they have not received instructions from their customer. A broker nonvote occurs when a bank, broker, or other nominee has not received voting instructions from a customer and cannot vote the customer's shares because the matter is not considered routine.

The two matters before the meeting this year the election of directors and the ratification of the independent registered public accounting firm are deemed routine matters, which means that if your shares are held in street name your bank, broker, or other nominee can vote your shares on those proposals if you do not provide timely instructions for voting your shares.

**Who can attend the meeting?**

Shareholders of record as of February 16, 2007 may attend the meeting, and may be accompanied by one guest. Even if you plan to attend the annual meeting we encourage you to vote your shares by proxy. If you choose to attend, please bring proof of stock ownership and proof of your identity with you.

**How many shareholders need to attend the meeting?**

In order to conduct the meeting, a majority of shares entitled to vote must be present in person or by proxy. This is called a quorum. If you return valid proxy instructions or vote in person at the meeting, you will be considered part of the quorum. Abstentions and broker non-votes are counted as being present for purposes of determining the presence of a quorum.

**Table of Contents**

**Householding of annual meeting materials**

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that if a household participates in the householding program, it will receive an envelope containing one set of proxy materials and a separate proxy card for each stockholder account in the household. Please vote all proxy cards enclosed in such a package. We will promptly deliver a separate copy of the proxy statement or proxy card to you if you contact us at the following address or telephone number: Clerk, Independent Bank Corp., 288 Union Street, Rockland Massachusetts 02370; telephone: (781) 982-6243. If you want to receive separate copies of the proxy statement or annual report to stockholders in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker, or other nominee record holder, or you may contact us at the address or telephone number above.

Participation in householding will not affect or apply to any of your other stockholder mailings, such as dividend checks, Forms 1099, or account statements. Householding saves us money by reducing printing and postage costs, and it is environmentally friendly. It also creates less paper for participating stockholders to manage. If you are a beneficial holder, you can request information about householding from your broker, bank or other nominee.

**MATTERS TO BE VOTED UPON AT ANNUAL MEETING**

Independent Bank Corp. is, for ease of reference, sometimes referred to in this proxy statement simply as the Company. Rockland Trust Company, our wholly-owned banking subsidiary, is for ease of reference sometimes referred to in this proxy statement simply as Rockland Trust.

**Election of Directors (Notice Item 1)**

The Company's articles of organization provide that the Board shall be divided into three classes as nearly equal in number as possible, and that the members of each class are to be elected for a term of three years. Director Alfred L. Donovan retired from the Board in January 2007, so there are now 13 members of the Board, divided into three classes of directors.

Directors continue to serve until their three-year term expires and until their successors are elected and qualified, unless they earlier reach the mandatory retirement age of 72, die, resign, or are removed from office. One class of directors is elected annually.

The Nominating and Corporate Governance Committee of the Board, which we sometimes refer to in this proxy statement simply as the nominating committee, selects director nominees to be presented for shareholder approval at the annual meeting, including the nomination of incumbent directors for reelection and the consideration of any director nominations submitted by shareholders. For information relating to the nomination of directors by our shareholders, see "Shareholder Director Nominations" below.

All director candidates are evaluated in accordance with the criteria set forth in the Company's Governance Principles with respect to director qualifications. The nominating committee has nominated the following directors, who we refer to in this proxy statement as the board nominees, for reelection at the annual meeting to the class of directors whose terms will expire at the 2010 annual meeting:

***Class II Directors (Nominees for Terms Expiring in 2010):***

*W. Paul Clark. Age 71.* Mr. Clark is the President and General Manager of Paul Clark, Inc., a Ford and Volkswagen dealership in Brockton, Massachusetts. Mr. Clark has served as a director of Rockland Trust since 1970 and as a director of the Company since 1986.

*Benjamin A. Gilmore, II. Age 59.* Mr. Gilmore is President of Gilmore Cranberry Co., Inc., a cranberry grower in South Carver, Massachusetts, and is also an engineering consultant. Mr. Gilmore has served as a director of Rockland Trust and the Company since 1992.

*Eileen C. Miskell. Age 49.* Ms. Miskell is the Treasurer of The Wood Lumber Company, a lumber company based in Falmouth, Massachusetts. Ms. Miskell has served as a director of Rockland Trust and the Company since 2005.

**Table of Contents**

*John H. Spurr, Jr. Age 60.* Mr. Spurr is President of A.W. Perry, Inc., a real estate investment company in Boston, Massachusetts, and its wholly-owned subsidiary A.W. Perry Security Corporation. Mr. Spurr has served as a director of Rockland Trust since 1985 and as a director of the Company since 2000.

The term of *Christopher Oddleifson*, the President and CEO of Rockland Trust and the Company, as a Class II director ends at the annual meeting. The Board has appointed, effective as of the annual meeting, Mr. Oddleifson to serve as a Class III director to fill the vacancy that has arisen due to the retirement of Director Alfred L. Donovan. As a consequence, information regarding Mr. Oddleifson is now provided below with the other Class III directors and Mr. Oddleifson's term as a Class III director will expire in 2008.

Under the direction of the Board of Directors, we continue to enhance our long-term value and provide long-term financial returns to shareholders. The nominating committee therefore recommends reelection of all of the board nominees.

Unless instructions to the contrary are received, it is intended that the shares represented by proxies will be voted for the reelection of the board nominees. Each of the board nominees has consented to serve, and we have no reason to believe that any of the board nominees will be unable to serve. If, however, any of the board nominees should not be available for election at the time of the annual meeting, it is the intention of the persons named as proxies to vote the shares to which the proxy relates, unless authority to do so has been withheld or limited in the proxy, for the election of such other person or persons as may be designated by the Board or, in the absence of such designation, in such other manner as they may, in their discretion, determine.

**The Nominating Committee Therefore Recommends That You Vote  
FOR ALL NOMINEES And Reelect The Board Nominees.**

**Ratification of KPMG LLP As Independent Registered Public Accounting Firm (Notice Item 2)**

The audit committee has appointed KPMG LLP to serve as our independent registered public accounting firm for 2007. While we are not required to have shareholders ratify the selection of KPMG LLP as our independent registered public accounting firm, the Board considers the selection of the independent registered public accounting firm to be an important matter and is therefore submitting the selection of KPMG LLP for ratification by shareholders as a matter of good corporate practice.

The following table shows the fees paid or accrued by us for audit, audit related, and tax services provided by KPMG LLP during the fiscal years ended December 31, 2006 and December 31, 2005:

	2006	2005
Audit Fees:		
Audit	\$ 460,000	\$ 255,000
Sarbanes-Oxley Internal Controls Audit	\$ ***	\$ 175,000
SEC Filings	\$ 7,500	\$ 5,000
Audit Related:		
Benefit Plan Audit	\$ 17,000	\$ 14,500
Accounting Issues	\$ 16,750	\$
Acquisition Due Diligence	\$ 14,000	\$
All Other Fees:		

Edgar Filing: INDEPENDENT BANK CORP - Form DEF 14A

Tax Compliance	\$ 53,900	\$ 85,825
Tax Planning	\$	\$ 15,000
Tax Consulting	\$ 42,000	\$ 43,768
Totals:	\$ 611,150	\$ 594,093

\*\*\* During 2006 KPMG LLP conducted an integrated audit which combined auditing of our financial statements with the Sarbanes-Oxley Internal Controls Audit. The Audit fee set forth for 2006 above is the fee for the integrated audit.

The audit committee has considered the nature of the other services provided by KPMG LLP and determined that they are compatible with the provision of independent audit services. The audit committee has discussed the other services with KPMG



**Table of Contents**

LLP and management to determine that they are permitted under the rules and regulations concerning auditor independence promulgated by the Securities Exchange Commission to implement the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act ).

The Board recommends that shareholders vote in favor of ratifying KPMG LLP as our independent registered public accounting firm for 2007. If shareholders do not ratify selection of our independent registered public accounting firm, the audit committee will reconsider the appointment of KPMG LLP at the appropriate time. We anticipate, however, that there would be no change in our independent registered public accounting firm made for 2007 if shareholders do not ratify the selection of KPMG LLP because of the practical difficulty and expense associated with making such a change mid-year. Even if shareholders ratify the selection of KPMG LLP the audit committee may, in its discretion, change our independent registered public accounting firm at any time if it determines that it would be in the best interests of the Company to do so.

A KPMG LLP representative is expected to be present at the annual meeting to respond to appropriate questions and will have the opportunity to make a statement if he or she desires to do so.

**The Board Therefore Recommends That You Vote FOR Ratifying  
The Selection of KPMG LLP As The Independent Registered Public Accounting Firm  
of The Company For 2007.**

**Other Matters (Notice Item 3)**

The proxy also confers discretionary authority with respect to any other business which may come before the annual meeting, including rules for the conduct of the meeting. The Board knows of no other matter to be presented at the meeting. It is the intention of the persons named as proxies to vote the shares to which the proxies relate according to their best judgment if any matters not included in this proxy statement come before the meeting.

**BOARD OF DIRECTORS INFORMATION**

**Current Board Members**

In addition to the board nominees set forth above, the Board of the Company is comprised of the individuals listed below.

***Class I Directors (Term Expires in 2009) (Directors Continuing In Office):***

*Richard S. Anderson. Age 64.* Mr. Anderson is President and Treasurer of Anderson-Cushing Insurance Agency, Inc., an insurance broker in Middleborough, Massachusetts. Mr. Anderson has served as a director of Rockland Trust and the Company since 1992.

*Kevin J. Jones. Age 55.* Mr. Jones is Treasurer of Plumbers Supply Company, a wholesale plumbing supply company, in Fall River, Massachusetts. Mr. Jones has served as a director of Rockland Trust since 1997 and as a director of the Company since 2000.

*Donna A. Lopolito, Age 48.* Ms. Lopolito is a Client Service Chief Financial Officer and Business Development Officer of AccountAbility Outsourcing, Inc., a firm based in Newton, Massachusetts. Ms. Lopolito has served as a director of Rockland Trust and the Company since 2005.

*Richard H. Sgarzi. Age 64.* Mr. Sgarzi is the President and Treasurer of Black Cat Cranberry Corp., a cranberry grower in Plymouth, Massachusetts. Mr. Sgarzi has served as a director of Rockland Trust since 1980 and as a director of the Company since 1994.

*Thomas J. Teuten. Age 66.* Mr. Teuten is Chairman of the Board of A.W. Perry, Inc., a real estate investment company in Boston, Massachusetts, and its wholly-owned subsidiary A.W. Perry Security Corporation. Mr. Teuten was named Chairman of the Board of Rockland Trust and the Company in July 2003. Mr. Teuten has served as a director of Rockland Trust since 1975 and as a director of the Company since 1986.

## **Table of Contents**

### ***Class III Directors (Term Expires in 2008) (Directors Continuing In Office):***

*E. Winthrop Hall. Age 71.* Mr. Hall is a Development Engineer for ACAT, Inc., a manufacturer of high performance textiles, in Essex, Massachusetts. Mr. Hall has served as a director of Rockland Trust since 1980 and as a director of the Company since 2000. Mr. Hall is retiring from the Board on April 8, 2007, when he reaches the mandatory retirement age of 72.

*Christopher Oddleifson. Age 48.* Mr. Oddleifson has served as President and Chief Executive Officer of Rockland Trust and the Company since 2003. From 1998 to 2002 Mr. Oddleifson was President of First Union Home Equity Bank, a national banking subsidiary of First Union Corporation (now Wachovia Corporation) in Charlotte, North Carolina. Until its acquisition by First Union, Mr. Oddleifson was the Executive Vice President, responsible for Consumer Banking, for Signet Bank in Richmond, Virginia. He has also worked as a management consultant for Booz, Allen and Hamilton in Atlanta, Georgia. Mr. Oddleifson has served as a director of Rockland Trust and the Company since 2003.

*Robert D. Sullivan. Age 64.* Mr. Sullivan is President of Sullivan Tire Co, Inc., a retail and commercial tire and automotive repair service with locations throughout Massachusetts, Maine, New Hampshire, and Rhode Island. Mr. Sullivan has served as a director of Rockland Trust since 1979 and as a director of the Company since 2000.

*Brian S. Tedeschi. Age 56.* Mr. Tedeschi is Chairman of the Board of Directors of Tedeschi Realty Corporation, a real estate development company in Rockland, Massachusetts. Mr. Tedeschi has served as a director of Rockland Trust since 1980 and as a director of the Company since 1991.

### **Corporate Governance Information**

The Board has adopted a written statement of governance principles, an audit committee charter, and written charters for all Board committees, including the nominating committee. Our governance principles, as well as the charter for each current committee of the Board and/or of Rockland Trust may be viewed by accessing the *Investor Relations* link on the Rockland Trust website (<http://www.rocklandtrust.com>).<sup>1</sup> Our common stock ownership guidelines for directors are set forth in our governance principles. The Company has a written Code of Ethics to assist its directors, officers, and employees in adhering to their ethical and legal responsibilities. The current version of the Code of Ethics may also be viewed by accessing the *Investor Relations* link on the Rockland Trust website (<http://www.rocklandtrust.com>).

NASDAQ Stock Market ( NASDAQ ) rules, and our governance principles, require that at least a majority of our Board be composed of independent directors. All of our directors other than Mr. Oddleifson, who is the President and CEO of the Company and Rockland Trust, are independent within the meaning of both the NASDAQ rules and our own corporate governance principles. Twelve of our thirteen directors, therefore, are currently independent directors.

None of our directors are members of board of directors of any other publicly-traded company. Our formal position on the time which directors must be willing to devote to their duties is set forth in our governance principles.

### **Shareholder Communications to Board**

The Board will give appropriate attention to written communications on issues that are submitted by shareholders and will respond if and as appropriate. Absent unusual circumstances or as expressly contemplated by committee charters, the general counsel of the Company will (1) be primarily responsible for monitoring communications from shareholders and (2) will provide copies or summaries of such communications to the Board as he considers

appropriate.

Communications will be forwarded to all directors if they relate to substantive matters and include suggestions or comments that the general counsel of the Company considers to be important for the Board to know. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to personal grievances and matters as to which the Company tends to receive repetitive or duplicative communications.

Shareholders who wish to send communications on any topic to the Board should submit them, in writing, to the Clerk, Independent Bank Corp., 288 Union Street, Rockland, Massachusetts 02370.

<sup>1</sup> We have included references to the Rockland Trust website address at different points in this Proxy Statement as an inactive textual reference and do not intend it to be an active link to our website. Information contained on our website is not incorporated by reference into this Proxy Statement.

**Table of Contents**

**Shareholder Director Nominations**

In accordance with the Company's By-Laws and its Charter, the nominating committee considers director nominees submitted by shareholders. The Company's By-Laws, a complete copy of which are attached as an Exhibit to the Company's Annual Report to the SEC on Form 10-K for the year ended December 31, 2006, require shareholders to submit director nominations to the Company not less than 75 days nor more than 125 days prior to the anniversary date of the immediately preceding annual meeting. The nomination must set forth the name, age, business address, residence address, occupation, and amount of common stock held by the director nominee, as well as the written consent of the nominee. The shareholder must also include his or her name, record address, and amount of common stock held in the nomination. The shareholder must make certain further representations, as set forth in the Company's By-Laws. Shareholders should submit any director nominations, in writing, to the Clerk, Independent Bank Corp., 288 Union Street, Rockland, Massachusetts 02370.

The nominating committee will, as stated in its charter, review any director nominations submitted by shareholders to determine if the nominees satisfy the following criteria set forth in the Board's governance principles with respect to qualifications for directors:

Directors should, as a result of their occupation, background, and/or experience, possess a mature business judgment that enables them to make a positive contribution to the Board. Directors are expected to bring an inquisitive and objective perspective to their duties. Directors should possess, and demonstrate through their actions on the Board, exemplary ethics, integrity, and values.

Directors will be ineligible to continue to serve on the Board once they attain the age of 72. Directors who attain the age of 72 during their elected term as a Director will retire from the Board upon reaching the age of 72.

Aside from any stock ownership requirements that are imposed by law, Directors are not required to own any minimum amount of the Company's common stock in order to be qualified for Board service. Director ownership of the Company's common stock, however, is strongly encouraged.

While familiarity with the communities that Rockland Trust serves is one factor to be considered in determining if an individual is qualified to serve as a Director, it is not a controlling factor. It is the sense of the Board, however, that a significant portion of the Directors should represent or be drawn from the communities that Rockland Trust serves.

Customers of Rockland Trust, if otherwise qualified, may be considered for Board membership. A customer relationship, however, will be a secondary criteria considered in evaluating a Director candidate in addition to other relevant considerations.

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time. Directors should offer their resignation in the event of any significant change in circumstances that renders them incapable of performing their duties.

**Shareholder Proposals for Next Annual Meeting**

If you are interested in submitting a proposal for inclusion in the proxy statement for the 2008 annual meeting, you need to follow the procedures outlined in Rule 14a-8 of the Exchange Act. Any shareholder who wishes to present a

proposal for consideration by all of the Company's shareholders at the 2008 Annual Meeting (which is tentatively scheduled for April 10, 2008) will be required, pursuant to Rule 14a-8, to deliver the proposal to the Company between no later than November 6, 2007. In the event the Company receives notice of a shareholder proposal to take action at next year's annual meeting of shareholders that is not submitted for inclusion in the Company's proxy material, or is submitted for inclusion but is properly excluded from the proxy material, the persons named in the proxy sent by the Company to its shareholders intend to exercise their discretion to vote on the shareholder proposal in accordance with their best judgment if notice of the proposal is not received at the Company's principal executive offices by January 21, 2008. Please forward any shareholder proposals, in writing, to the Clerk, Independent Bank Corp., 288 Union Street, Rockland, Massachusetts 02370.

**Director Attendance at Annual Shareholder Meeting and Meetings of the Board and its Committees**

It is our policy that, to the extent possible, all directors attend the annual meeting. All of our current directors attended last year's annual meeting.

**Table of Contents**

During 2006, the Boards of the Company and Rockland Trust had 15 concurrent meetings. All directors attended at least 75% of the meetings of our Board during 2006.

During 2006 the Boards of the Company and Rockland Trust both had standing executive, audit, compensation, and nominating committees with the same membership. During 2006 the Rockland Trust Board also had a standing trust committee. All Board committees operate under a written charter approved by the Board which describes the committee's role and responsibilities. The charter for each Board committee may be viewed by accessing the *Investor Relations* link on the Rockland Trust website (<http://www.rocklandtrust.com>).

Directors were, as noted below, committee members on a permanent basis or in the case of the executive committee on a rotating basis. Three directors serve as rotating members of the executive committee for a three month term, with the term of each rotating director staggered so that a new director rotates on and off of the committee each month. In April 2006 the Boards of the Company and Rockland Trust reappointed the directors serving as permanent members of the compensation committee, named Mr. Gilmore a permanent member and Vice Chairman of the compensation committee, and eliminated formal rotating membership for the compensation committee. The following table provides 2006 membership by current directors and meeting information for each of the standing committees of the Company's Board:

<b>Name</b>	<b>Executive</b>	<b>Audit</b>	<b>Compensation</b>	<b>Nominating</b>
Mr. Clark	X*	X	X*	X
Mr. Jones	X		X	X
Mr. Sgarzi	X		X	X
Mr. Teuten	X		X	X
Mr. Oddleifson	X			
Mr. Anderson	X (rotating basis)			X*
Mr. Gilmore	X (rotating basis)		X**	
Mr. Hall	X (rotating basis)	X		
Ms. Lopolito	X (rotating basis)	X		
Ms. Miskell	X (rotating basis)	X		
Mr. Spurr	X (rotating basis)	X*		
Mr. Sullivan	X (rotating basis)	X**		
Mr. Tedeschi	X (rotating basis)			
<b>Total Meetings Held In 2006</b>	<b>23 meetings</b>	<b>4 meetings</b>	<b>11 meetings</b>	<b>1 meeting</b>

\* indicates Committee Chairman

\*\* indicates Committee Vice Chairman

All directors attended at least 75% of the 2006 committee meetings of the Board of which they were members.

**Compensation Committee Interlocks and Insider Participation**

No executive officer of the Company or of Rockland Trust served on the compensation committees of either the Company or Rockland Trust. No director or executive officer of the Company or Rockland Trust served on the compensation committee of any other entity which determined whether to award compensation to any director or executive officer.

**Director Cash and Equity Compensation**

Non-employee directors of the Company and Rockland Trust receive both cash and equity compensation as described below. Board compensation is benchmarked annually by comparison to peer institutions using publicly-available information. Director compensation is designed to attract and retain persons who are well-qualified to serve as directors of the Company and Rockland Trust.



**Table of Contents****Director Cash Compensation**

Non-employee directors of the Company and Rockland Trust receive cash compensation in the form of annual retainers and Board and committee meeting fees. Total cash director compensation depends upon whether a director served as Chair of the Board or one its committees, whether a director served as a permanent or rotating executive committee member, and upon the number of Board and committee meetings a director attended.

The annual retainers and Board and committee meeting fees for non-employee directors of the Company and of Rockland Trust during 2006 were as follows:

<b>Position</b>	<b>Annual Retainer</b>	<b>Board Meeting Fee</b>	<b>Committee Meeting Fee</b>
Chairman of the Board	\$ 15,000	\$ 1,700	\$ 1,000
Chairman Executive Committee	\$ 15,000		\$ 1,600
Vice Chairman Compensation Committee	\$ 10,000		\$ 1,000
Chairman Audit Committee	\$ 12,500		\$ 1,600
Vice Chairman Audit Committee	\$ 12,500		\$ 1,600
Chairman Nominating Committee			\$ 1,600
Permanent Executive Committee Member	\$ 12,500	\$ 750	\$ 1,000
Rotating Executive Committee Member	\$ 10,000	\$ 750	\$ 1,000
Audit Committee Member			\$ 1,250
Nominating Committee Member			\$ 1,000

The Company has established a Deferred Compensation Program that permits non-employee directors who choose to participate to defer all or any portion of the cash compensation they would otherwise receive. Directors who choose to participate in the Deferred Compensation Program have all, or a designated portion, of the cash compensation they would otherwise receive invested in the Company's common stock. Distributions, in the form of the Company's common stock, are made to directors who choose to participate in the Deferred Compensation Program following their departure from the Board. During the past year the following directors chose to defer some or all of their cash compensation pursuant to the Deferred Compensation Program: Director Anderson 100% deferred; Director Jones 100% deferred; Director Miskell 100% deferred; and Director Spurr 50% deferred.

No additional fees were paid to any member of the compensation committee or nominating committee for attendance at committee meetings if they were held concurrently with meetings of the executive committee and/or Board.

No fees were paid to any director who was an employee of the Company or Rockland Trust for attendance at any Board or Board committee meetings.

**Director Equity Compensation**

In April 2006 shareholders approved the 2006 Independent Bank Corp. Non-Employee Director Stock Plan. In April 2006, in accordance with the 2006 Director Stock Plan, Directors Lopolito and Miskell were each granted a non-statutory option to purchase 5,000 shares of common stock and all non-employee directors were granted a restricted stock award for 400 shares of common stock. The 2006 Director Stock Plan provides that restricted stock

awards made to non-employee directors vest upon the earlier of: five years from the date of grant; or any earlier date upon which an individual ceases to be a non-employee director for any reason other than removal from the Board for cause. The 2006 Director Stock Plan also provides that, following each annual shareholders meeting after 2006, each non-employee director who serves on the Board of the Company and/or Rockland Trust at any point during the calendar year of that annual meeting shall automatically and without further action be granted a restricted stock award for 400 shares of common stock. Under the 2006 Director Stock Plan, each person who becomes a non-employee director at any time following the 2006 annual meeting shall, on the first anniversary of his or her election, also be granted a non-statutory option to purchase 5,000 shares of common stock.

**Table of Contents**

The following table summarizes the cash and equity compensation paid to non-employee directors in 2006:

**DIRECTOR COMPENSATION TABLE**

Name (a)	Fees Earned or Paid in Cash(2) (b)	Stock Awards(3) (c)	Option Awards(3) (d)	Non-Equity Incentive Plan Compensation (e)	Change in Pension Value and Nonqualified Deferred	All Other Compensation(4) (g)	Total (h)
					Earnings		
Richard S. Anderson	\$ 29,550	\$ 1,814		N/A	N/A	\$ 128	\$ 31,492
W. Paul Clark Alfred L. Donovan(1)	\$ 65,750	\$ 6,002		N/A	N/A	\$ 128	\$ 71,880
Benjamin A. Gilmore, II	\$ 34,550	\$ 12,598		N/A	N/A	\$ 128	\$ 47,276
E. Winthrop Hall	\$ 30,550	\$ 1,814		N/A	N/A	\$ 128	\$ 32,492
Kevin J. Jones	\$ 31,550	\$ 9,333		N/A	N/A	\$ 128	\$ 41,011
Donna A. Lopolito	\$ 44,050	\$ 1,814	\$ 24,257	N/A	N/A	\$ 128	\$ 45,992
Eileen C. Miskell	\$ 31,550	\$ 1,814	\$ 24,257	N/A	N/A	\$ 128	\$ 57,749
Richard H. Sgarzi	\$ 31,550	\$ 1,814		N/A	N/A	\$ 128	\$ 57,749
John H. Spurr, Jr.	\$ 42,300	\$ 1,814		N/A	N/A	\$ 128	\$ 44,242
Robert D. Sullivan	\$ 34,850	\$ 1,814		N/A	N/A	\$ 128	\$ 36,792
Brian S. Tedeschi	\$ 34,450	\$ 1,814		N/A	N/A	\$ 128	\$ 36,392
Thomas J. Teuten	\$ 25,250	\$ 1,814		N/A	N/A	\$ 128	\$ 27,192
	\$ 61,800	\$ 1,814		N/A	N/A	\$ 128	\$ 63,742

- (1) Mr. Donovan retired from the Board in January 2007 upon reaching the mandatory retirement age of 72.
- (2) Column (b) reflects the total fees earned or paid in cash for directors. As noted above, during the past year the following directors chose to defer some or all of their cash compensation pursuant to the Deferred Compensation Program: Director Anderson 100% deferred; Director Jones 100% deferred; Director Miskell 100% deferred; and Director Spurr 50% deferred.
- (3) The amounts in columns (c) and (d) represent the compensation costs of restricted stock awards and option awards to directors as reflected in the Company's financial statements, excluding the impact of estimated forfeitures. No director awards were forfeited during the year. Restricted stock awards and option awards were valued as of the grant date in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment ( FAS 123R ). The full grant date fair value of the restricted stock awards computed in accordance with FAS 123R was \$12,892 per director, or \$167,596 in the aggregate. The full grant date fair value of the option awards to Directors Lopolito and Miskell, computed in accordance with FAS 123R, was \$36,520 each or \$73,040 in the aggregate. As of the end of 2006 the aggregate

number of restricted stock awards and stock option awards for each non-employee director was as follows:

<b>Name</b>	<b>Aggregate Outstanding Restricted Stock Awards per Director</b>	<b>Aggregate Outstanding Stock Option Awards per Director</b>
Richard S. Anderson	400	6,000
W. Paul Clark, Richard H. Sgarzi, and Brian S. Tedeschi	400	9,000
Alfred L. Donovan, Benjamin A. Gilmore, II, and E. Winthrop Hall	400	8,000
Kevin J. Jones	400	13,000
Donna A. Lopolito, Eileen C. Miskell, Robert D. Sullivan, and Thomas J. Teuten	400	5,000
John H. Spurr, Jr.	400	4,000

(4) Column (g) reflects the dividends paid to directors during 2006 for their restricted stock.

**Table of Contents**

**Report of the Audit Committee**

2

Each member of the audit committee is independent as defined under Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended, the rules and regulations of the SEC thereunder, and the listing standards of the NASDAQ Stock Market. In addition, the Board has determined that the audit committee has three members who each qualify as an audit committee financial expert as defined in regulations issued pursuant to the Sarbanes-Oxley Act. The three members who each qualify as an audit committee financial expert are John H. Spurr, Jr., Chairman of the audit committee, Donna A. Lopolito, and Eileen C. Miskell.

The audit committee operates under a written charter adopted and approved by the Board. The current audit committee charter may be viewed by accessing the *Investor Relations* link on the Rockland Trust website (<http://www.rocklandtrust.com>). The audit committee is responsible for providing independent, objective oversight of our audit process and for monitoring our accounting, financial reporting, data processing, regulatory, and internal control functions. One of the audit committee's primary responsibilities is to enhance the independence of the audit function, thereby furthering the objectivity of financial reporting. Accordingly, the audit committee is directly responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm, who must report directly to the audit committee. The audit committee regularly meets privately with our independent registered public accounting firm, which has unrestricted access to the audit committee.

The other duties and responsibilities of the audit committee are to: (1) oversee and review our financial reporting process and internal control systems; (2) evaluate our financial performance, as well as our compliance with laws and regulations; (3) oversee management's establishment and enforcement of financial policies; and (4) provide an open avenue of communication among the independent registered public accounting firm, financial and senior management, the internal audit department and the Board, including the resolution of any disagreements that may arise regarding financial reporting.

The audit committee has:

received the written disclosures and letter from KPMG LLP required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees), has discussed the independence of KPMG LLP and considered whether the provision of non-audit services by KPMG LLP is compatible with maintaining auditor independence, and has satisfied itself as to the independence of KPMG LLP;

reviewed and discussed our audited, consolidated financial statements for the fiscal year ended December 31, 2006 with our management and KPMG LLP, our independent registered public accounting firm, including a discussion of the quality and effect of our accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements;

discussed the matters required by Statement on Auditing Standards No. 61 (Communication with Audit Committees) with KPMG LLP, including the process used by management in formulating particularly sensitive accounting estimates and the basis for the conclusions of KPMG LLP regarding the reasonableness of those estimates; and,

met with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls and the overall quality of our financial reporting.

Based on the review and discussions noted above, the audit committee has voted to include our audited financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 for filing with the SEC.

Submitted by:

John H. Spurr, Jr., Chairman

Robert D. Sullivan, Vice-Chairman

W. Paul Clark

E. Winthrop Hall

Donna A. Lopolito

Eileen C. Miskell

*Audit Committee*

*Independent Bank Corp.*

<sup>2</sup> This report, and the compensation committee report below, shall not be deemed to be incorporated by reference into any of our previous filings with the SEC and shall not be deemed incorporated by reference into any of our future SEC filings irrespective of any general incorporation language therein.

**Table of Contents**

**Related Party Transactions**

Since January 1, 2006, neither the Company nor Rockland Trust has been a party to any transaction or series of transactions in which the amount involved exceeded \$120,000 and which any director, executive officer, or holder of more than 5% of our stock had or will have a direct or indirect material interest other than:

standard compensation arrangements described below under Executive Officer Information ; and  
the transactions described below.

In August 1989 A.W. Perry, Inc., a real estate developer ( A.W. Perry ), and Rockland Trust entered into a joint venture to develop a three story office building containing approximately 22,000 square feet on a parcel of land in Hanover, Massachusetts (the Hanover Building ). A.W. Perry and Rockland Trust each had a fifty percent (50%) interest in that joint venture. In 1990, when construction was complete, Rockland Trust entered into a long term lease for a substantial portion of the Hanover Building. Pursuant to that lease, as amended, Rockland Trust currently occupies, as a tenant, approximately 15,000 square feet in the Hanover Building. During 2006 Rockland Trust paid approximately \$355,777 in rent to the landlord for the Hanover Building, an entity in which due to the joint venture A.W. Perry and Rockland Trust each have a fifty percent (50%) interest. Directors Thomas J. Teuten and John H. Spurr, Jr. are, respectively, Chairman of the Board and President of A.W. Perry. The total rent that Rockland Trust paid during the past year to the landlord for the Hanover Building does not exceed five percent (5%) of A.W. Perry s 2006 consolidated gross revenues.

In the opinion of management of the Company, the terms of the foregoing transaction was no less favorable to the Company than those it could have obtained from an unrelated party providing comparable premises or services.

Some of the directors and executive officers of the Company, as well as members of their immediate families and the companies, organizations, trusts, and other entities with which they are associated, are, or during 2006 were, also customers of Rockland Trust in the ordinary course of business, or had loans outstanding during 2006, including loans of \$120,000 or more, and it is anticipated that such persons and their associates will continue to be customers of and indebted to Rockland Trust in the future. All such loans were made in the ordinary course of business, did not involve more than normal risk of collectibility or present other unfavorable features, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unaffiliated persons and, where required by law, were prior approved by the Rockland Trust Board. At December 31, 2006, such loans amounted to approximately \$29 million (12.5% of total shareholders equity). None of these loans to directors, executive officers, or their associates are nonperforming.

**Table of Contents****EXECUTIVE OFFICER INFORMATION****Current Executive Officers**

The Executive Officers of the Company and Rockland Trust currently are:

<b>Name</b>	<b>Position</b>	<b>Age</b>
Christopher Oddleifson	President and CEO of the Company and Rockland Trust	48
Raymond G. Fuerschbach	Senior Vice President and Director of Human Resources of Rockland Trust	56
Edward F. Jankowski	Chief Technology and Operations Officer of Rockland Trust	56
Ferdinand T. Kelley	Executive Vice President of Rockland Trust	62
Jane L. Lundquist	Executive Vice President, Director of Retail Banking and Corporate Marketing of Rockland Trust	53
Edward H. Seksay	General Counsel of the Company and Rockland Trust	49
Denis K. Sheahan	Chief Financial Officer and Treasurer of the Company and Rockland Trust	41

During 2006 Anthony A. Paciulli also served as an executive officer of Rockland Trust as the Managing Director of Residential Mortgage until he resigned to take a position at another bank.

**Christopher Oddleifson.** Information concerning the business experience of Mr. Oddleifson, who is also a director of the Company and Rockland Trust, has been provided previously in the section entitled Board of Directors.

**Raymond G. Fuerschbach.** Mr. Fuerschbach has served as Senior Vice President and Director of Human Resources of Rockland Trust since April 1994. Prior thereto, Mr. Fuerschbach had been Vice President and Human Resource Officer of Rockland Trust since November 1992. From January 1991 to October 1992, Mr. Fuerschbach served as Director of Human Resources for Cliftex Corp., New Bedford, Massachusetts, a tailored clothing manufacturer, and served in the same capacity for Chesebrough-Ponds, Inc., Health-Tex Division, Cumberland, Rhode Island from 1987 to 1991.

**Edward F. Jankowski.** Mr. Jankowski has served as Chief Technology and Operations Officer of Rockland Trust since November 2004. From October 2003 to November 2004, Mr. Jankowski was Chief Risk Officer of the Company and of Rockland Trust. From November 2000 to October 2003, Mr. Jankowski was Chief Internal Auditor of the Company and Rockland Trust. Prior thereto, Mr. Jankowski served as Senior Vice President of North Shore Bank, Peabody, Massachusetts from 1995 to 2000. From 1985 to 1994, Mr. Jankowski was Senior Vice President of Multibank Service Corp., a subsidiary of Multibank Financial Corp., Dedham, Massachusetts.

**Ferdinand T. Kelley.** Mr. Kelley has served as Executive Vice President, Commercial Lending Division of Rockland Trust since February 1993 and as Executive Vice President, Investment Management Group of Rockland Trust since September 1999. Prior thereto, Mr. Kelley served as Senior Vice President and Credit Administrator of



Multibank Financial Corp., Dedham, Massachusetts, from August 1992 to January 1993. From February 1990 to July 1991, Mr. Kelley was the Regional President of the Worcester Region (Central Massachusetts) of Bank of New England, N.A., and continued in that position with Fleet Bank of Massachusetts, N.A., from July 1991 to August 1992 following Fleet Bank's acquisition of Bank of New England.

**Jane L. Lundquist.** Ms. Lundquist has served as the Executive Vice President, Director of Retail Banking and Corporate Marketing of Rockland Trust since July 2004. Ms. Lundquist started working at Rockland Trust, on an interim basis, in April 2004. Prior to joining Rockland Trust Ms. Lundquist served as the President and Chief Operating Officer of Cambridgeport Bank in Cambridge, Massachusetts, and also as President of its holding company, Port Financial Corp.

**Edward H. Saksay.** Mr. Saksay has served as General Counsel of the Company and of Rockland Trust since July 2000. Mr. Saksay is a graduate of Suffolk University Law School, where he was Editor-In-Chief of the Law Review. Prior to joining the Company and Rockland Trust, Mr. Saksay was with the Boston, Massachusetts law firm Choate, Hall & Stewart from 1984 to 1991 and with the Boston, Massachusetts law firm Heller, Levin & Saksay, P.C. from 1991 to 2000.

## **Table of Contents**

**Denis K. Sheahan.** Mr. Sheahan has served as Chief Financial Officer of the Company and Rockland Trust since May 2000. From July 1996 to May 2000, Mr. Sheahan was Senior Vice President and Controller of the Company and Rockland Trust. Prior thereto, Mr. Sheahan served as Vice President of Finance of BayBanks, Inc., Boston, Massachusetts.

The term of office of each executive officer of the Company extends until the first meeting of our Board following the annual meeting of our shareholders and/or until his/her earlier termination, retirement, resignation, death, removal, or disqualification. The term of office of each executive officer of Rockland Trust extends until his/her termination, retirement, resignation, death, removal, or disqualification. Other than with respect to the employment agreements with Mr. Oddleifson, Mr. Fuerschbach, Mr. Jankowski, Mr. Kelley, Ms. Lundquist, Mr. Seksay, and Mr. Sheahan described below, there are no arrangements or understandings between any executive officer and any other person pursuant to which such person was elected as an executive officer.

## **Compensation Discussion and Analysis**

### **Compensation Committee    Composition and Responsibility**

All members of the compensation committee are independent directors in accordance with NASDAQ rules. There are currently five directors who serve on the compensation committee: Director Clark, as Chair, Director Gilmore as Vice Chair, and Directors Jones, Sgarzi, and Teuten.

The compensation committee operates under a written charter approved by the Board. The current compensation committee charter may be viewed by accessing the *Investor Relations* link on the Rockland Trust website (<http://www.rocklandtrust.com>). The compensation committee has, as stated in its charter, two primary responsibilities: (i) assisting the Board in carrying out its responsibilities in determining the compensation of the CEO and executive officers of the Company and Rockland Trust; and (ii) establishing compensation policies that will attract and retain qualified personnel through an overall level of compensation that is comparable to, and competitive with, others in the industry and in particular, peer financial institutions.

The compensation committee, subject to the provisions of our 1997 Employee Stock Option Plan and the 2005 Employee Stock Plan, also has authority in its discretion to determine the employees of the Company and Rockland Trust to whom stock options and/or restricted stock awards shall be granted, the number of shares to be granted to each employee, and the time or times at which options and/or restricted stock awards should be granted. The CEO makes recommendations to the compensation committee about equity awards to the employees of the Company and Rockland Trust (other than the CEO). The compensation committee also has authority to interpret the Plans and to prescribe, amend, and rescind rules and regulations relating to the Plans.

The CEO reviews the performance of the executive officers of the Company and Rockland Trust (other than the CEO) and, based on that review, the CEO makes recommendations to the compensation committee about the compensation of executive officers (other than the CEO). The CEO does not participate in any deliberations or approvals by the compensation committee or the Board with respect to his own compensation. The compensation committee makes recommendations to the Board about all compensation decisions involving the CEO and the other executive officers of the Company and Rockland Trust. The Board reviews and votes to approve all compensation decisions involving the CEO and the executive officers of the Company and Rockland Trust. The compensation committee and the Board use tally sheets, showing current and historic elements of compensation, when reviewing executive officer and CEO compensation.

The compensation committee has in recent years been assisted and advised in its work by the following external executive compensation consultants, proprietary surveys, and publicly available materials:

**Hay Group** Specialists in the Hay proprietary method for determining base salary ranges and for market based review of annual merit programs and salary range changes. Hay has also assisted the compensation committee with recommendations for equity compensation and other compensation matters.

**Blue Peak Consulting** Executive compensation specialists, with extensive commercial banking expertise. Blue Peak has advised the compensation committee on annual cash incentive programs, total compensation, and peer group comparisons.

**Sentinel Benefits** Sentinel has provided actuarial and retirement plan design advisory services to the compensation committee.

## **Table of Contents**

Segal Consulting Executive compensation specialists, with special expertise in executive retirement plan design.

SNL Compensation Services SNL publishes data gathered from proxy statements and annual reports in the financial services industry.

Watson Wyatt Data Services The bank is a participant in the Wyatt Financial Institutions Compensation report, and utilizes this survey data for comparison purposes

## **Compensation Philosophy**

The compensation philosophy of the Company and Rockland Trust rests on two principles:

Total compensation should vary with our performance in achieving financial and non-financial objectives; and

Long-term incentive compensation should be closely aligned with the interests of shareholders.

The Company has therefore adopted a pay for performance approach that offers a competitive total rewards package to help create value for our shareholders. In designing compensation programs, and making individual recommendations or decisions, the compensation committee focuses on:

Aligning the interest of executive officers and shareholders;

Attracting, retaining, and motivating high-performing employees in the most cost-efficient manner; and

Creating a high-performance work culture.

The Company's compensation program reflects a mix of stable and at risk compensation, designed to fairly reward executive officers and align their interests with those of shareholders in an efficient manner. Each element of the Company's compensation program is intended to provide employees with a pay opportunity that is externally competitive and which recognizes individual contributions.

## **Peer Groups and Benchmarks**

The Company periodically benchmarks executive officer total compensation against a peer group. The compensation committee periodically assesses the relevancy of the companies within the peer group and makes changes when appropriate. For 2006, the peer group was composed of a group of 14 financial institutions in the New England and New York market with banking assets ranging from \$1.5 billion to \$6 billion. In addition to benchmarking against the peer group, the compensation committee evaluates executive compensation by reviewing national and regional surveys that cover a broader group of companies. In 2004, Blue Peak Consulting assisted the compensation committee in establishing the relevant peer group.

The compensation committee uses SNL Securities Executive Compensation Review for Commercial Banks and other publicly available data to evaluate executive compensation and compare the Company's overall performance to peers. Through benchmarking, the compensation committee ensures that total executive compensation and its elements are appropriately targeted for both actual performance results and competitive positioning.

## **Executive Compensation Elements**

The executive compensation program of Rockland Trust has four primary components: *base salary, annual cash incentive compensation, long-term equity-based compensation, and benefits*. The compensation committee strives to balance short-term and long-term Company performance and shareholder returns in establishing performance criteria. The compensation committee evaluates executive compensation against these performance criteria and competitive executive pay practices before determining changes in base salary, the amount of any incentive payments, stock option awards, restricted stock awards, and other benefits.

Base salaries are intended to be competitive relative to similar positions at peer institutions in order to provide Rockland Trust with the ability to pay base salaries that will attract and retain employees with a broad, proven track record of performance.

## **Table of Contents**

The variable annual cash incentive pay plan is designed to provide a competitive cash payment opportunity based both on individual behavior and the Company's overall financial performance. The opportunity for a more significant award increases when both the Company and the employee achieve higher levels of performance.

Our long-term equity-based compensation incentive plan is generally made available to selected groups of individuals, including our executive officers, in the form of stock options and/or restricted stock. Equity awards have the potential to grow in value over time and seek to reward executives for performance that maximizes long term shareholder returns.

To remain competitive in the market for a high caliber management team and to ensure stability and continuity in its leadership, Rockland provides to its CEO and certain named executive officers certain other fringe benefits, such as retirement programs, medical plans, life and disability insurance, use of company owned automobiles, and employment agreements. The compensation committee periodically reviews fringe benefits made available to executive officers to ensure that they are in line with market practice.

In 2004, the Company engaged Blue Peak Consulting, an executive compensation consulting practice and specialist in bank compensation, to conduct a comprehensive review of total compensation, the annual cash incentive compensation program, and the Company's long-term equity-based compensation practices. Blue Peak found that the level and the elements of executive compensation practices were in line with competitive practices. Blue Peak made specific recommendations adopted by the compensation committee for incentive and equity awards. The compensation committee targets the median of peer compensation for executives, with increases above median for results that substantially exceed goals and objectives.

### **Base Salary**

Since 1993, Rockland Trust has used the Hay Group proprietary job evaluation methodology in establishing competitive salary ranges and midpoints for the executives and officers of Rockland Trust. Hay conducts market analyses of cash compensation within the banking industry and uses its proprietary job evaluation process to recommend salary midpoints and ranges that reflect competitive factors and maintain internal equity. The Company targets the 50th percentile for its salary ranges as a result of Hay's recommendations and current market conditions. Hay makes annual recommendations to the compensation committee regarding market based changes to its salary ranges and merit increase programs.

The Company determined the base salary for Mr. Oddleifson, the CEO, when he was hired in 2003 based upon reported information on salaries paid to CEOs at peer institutions, the salary paid to his predecessor, and other relevant considerations. The Board evaluates, at least twice a year, Mr. Oddleifson's performance in light of established corporate strategic goals and financial objectives. A review of Mr. Oddleifson's performance for 2006 was conducted at executive sessions of the Board in July 2006 and again in January 2007. The Board completed its 2006 performance evaluation of Mr. Oddleifson in February 2007 and approved a base salary increase for him.

Year 2006 performance evaluations of Mr. Kelley, Ms. Lundquist, Mr. Seksay, and Mr. Sheahan were also completed in February 2007. The Board approved base salary increases for Ms. Lundquist, Mr. Seksay, and Mr. Sheahan at that time based upon the recommendations of the compensation committee and the evaluation of their performance by CEO Oddleifson.

### **Annual Cash Incentive Compensation**

In 2004, the compensation committee, with assistance from Blue Peak, amended the Cash Incentive Compensation Plans for executives and other Rockland Trust officers to increase linkage between individual performance and shareholder results. The compensation committee considered Blue Peak's recommendations when it adopted the design and parameters of its cash incentive compensation programs for executive officers of the Company and for other Rockland Trust officers.

In February 2006 the Board approved the 2006 Executive Cash Incentive Plan, which provided for cash incentive payment to executive officers for 2006 to be determined as follows:

the CEO's payment is determined from the product of the CEO's Target Award multiplied by the Bank Performance Adjustment Factor; and

payments for all other executive officers are determined from the product of the participant's Target Award multiplied by the Bank Performance Adjustment Factor and multiplied by the participant's Individual Performance Adjustment Factor.

## **Table of Contents**

A Target Award is an executive officer's base salary on November 1, 2006, multiplied by the target percentage established for each executive officer, as follows: CEO Oddleifson 45%, Mr. Kelley 30%, Ms. Lundquist 30%, Mr. Seksay 20%, and Mr. Sheahan 30%.

The Bank Performance Adjustment Factor is determined by the level of the Company's performance against criteria for earnings per share, return on average equity, and return on average assets. The range of the Bank Performance Adjustment Factor for the CEO, and for all executive officers other than the CEO, is based upon the level of the Company's attainment against earnings per share criteria, as follows: CEO range 25% to 200%; and, range for all other executive officers 50% to 125%. If threshold levels for either return on average equity or return on average assets are not met, the Bank Performance Adjustment Factor, as determined by the Company's performance against earnings per share criteria, will be reduced to 75% of what the Bank Performance Adjustment Factor would have been using only the earnings per share criteria. Payments may also be reduced if regulatory compliance results or asset quality measures are not satisfactory.

The Individual Performance Adjustment Factor is not applicable to the CEO. For all executive officers other than the CEO, the Individual Performance Adjustment Factor will be adjusted upward or downward within a possible range from zero (0.0) to one and seven-tenths (1.70) based upon an evaluation of the executive officer's achievement of individual performance goals and objectives during the year.

The 2006 Executive Cash Incentive Plan is administered by the Board based upon the recommendations of the compensation committee. All determinations regarding the achievement of any performance goals, the achievement of individual performance goals and objectives, and the amount of any individual award will be made by the Board, in its sole and absolute discretion, based upon the recommendations of the compensation committee. The Board's determinations need not be uniform and may be made selectively among persons who receive, or who are eligible to receive, an award. Notwithstanding any other provision of the 2006 Executive Cash Incentive Plan to the contrary, the Board reserves the right, in its sole and absolute discretion, to: make adjustments to the Bank Performance Adjustment Factor, within the range of parameters set forth in the 2006 Executive Cash Incentive Plan, based upon one-time, non-recurring, or extraordinary events or any other reason that the Board deems appropriate; increase the award for the CEO up to a maximum of 1.25 times the amount that would be called for by the product of the CEO's Target Award multiplied by the Bank Performance Adjustment Factor; and, to reduce, including a reduction to zero, any award to an executive officer otherwise payable.

In February 2007 the Board approved payments to the CEO and the executive officers under the 2006 Executive Cash Incentive Plan in the amounts set forth below in the summary compensation table. The Board based its decision to approve payments to the CEO and the other executive officers within the parameters established by the 2006 Executive Cash Incentive Plan based upon: earnings per share attained; the Company exceeding the return on average assets and return on average equity thresholds; the Company achieving satisfactory compliance and asset quality levels; the recommendations of the compensation committee, the Board's review of the CEO's performance; and, the CEO's review of the performance of other executive officers.

## **Long Term Compensation**

### **Equity Compensation**

The determination of the size of any long term equity compensation grant is made based on competitive factors and the attainment of strategic long term objectives. Equity compensation and stock ownership serve to link the net worth of executive officers to the performance of our common stock.



After reviewing the Company's historic approach to long-term, equity-based compensation opportunities, peer practices, and considering other pertinent factors, such as FAS 123R regarding the accounting for equity based awards, the compensation committee, based on advice from Blue Peak, in 2004:

Determined that the level of stock option awards to executive officers was somewhat below competitive; and

Recommended that the Company increase the award of stock options to executive officers to competitive levels and enhance the Company's long-term, equity-based opportunities to include the potential for granting restricted stock awards to executive officers of the Company and/or Rockland Trust and to other Rockland Trust officers.

As a result, equity awards to executives were increased in December of 2004 and 2005. The authorization to grant restricted stock awards was added to the Employee Stock Option Plan approved by shareholders in April 2005.

## **Table of Contents**

No grants of stock options or other equity compensation awards were made to executive officers in 2006. Historically the Company has granted stock options to employees, including executive officers, in mid December. In late 2006 the Board decided to henceforth make equity awards in January or February, following the Company's release of financial results for the prior year.

Mr. Oddleifson, Mr. Kelley, Ms. Lundquist, Mr. Seksay, and Mr. Sheahan received stock option awards under the 2005 Plan in February 2007. Each option provides the right to purchase a fixed number of shares at fair market value on the date of the grant. The options have a ten year term and a five year vesting schedule. The number of shares granted to each executive officer in 2007 reflects the Company's assessment of the individual's relative contribution to the Company, long-term compensation practices prevalent in the industry, and the impact of option grants on shareholder dilution. Options awarded to Mr. Oddleifson, Mr. Kelley, Ms. Lundquist, Mr. Seksay, and Mr. Sheahan in February 2007 are listed in tabular form immediately following the summary compensation table.

## **Benefits**

### **Nonqualified Retirement Plans for Executive Officers**

The objective of the Company's nonqualified retirement program is to provide from all Rockland Trust-funded sources, inclusive of social security, approximately 60% of the average of the highest five year annual covered compensation for a full 25-year career, with proportionate reduction for less than a 25-year career. In 1998, the Company amended the objective of its non-qualified retirement program to include cash incentive compensation in the calculation of retirement income objectives. This was done in response to current peer practices in this area of long-term compensation and was consistent with the results of a survey of executive retirement practices published by the Hay Group. To help accomplish the objectives of the non-qualified retirement program, the Company maintains a non-qualified defined benefit supplemental executive retirement plan. Assets sufficient to fund the actuarial accrued liability of the plan are held in a Rabbi Trust (the Rockland SERP).

### **Qualified Retirement Plans for Executive Officers**

In 2006 the Company undertook an in depth analysis of Rockland Trust's Defined Benefit Plan which, at that point, provided a normal retirement benefit equal to (a) two percent (2%) of final average compensation less (b) sixty-five hundredths of a percent (0.65%) of covered compensation as defined for Social Security purposes times (c) years of service to 25. For participants who had completed 20 or more years of service, an additional benefit of one-half percent (0.5%) times final average compensation times service in excess of 25 years, but not exceeding ten additional years was provided. As a result of the changing demographics of the workplace and the need for predictability of future retirement expenses, on July 1, 2006 benefit accruals under the Defined Benefit Plan were discontinued for all employees. Vesting service under the Defined Benefit Plan will continue to accrue for future service for all employees.

After considering alternative plan designs, long term costs, and competitive offerings, a non-discretionary defined contribution benefit was added as of July 1, 2006 to Rockland Trust's existing 401(k) Savings and Stock Ownership Plan. For each plan participant, the Company contributes 5% of qualified compensation up to the Social Security taxable wage base and 10% of amounts in excess of covered compensation up to the maximum IRS limit for qualified plan compensation. These contributions were designed to be consistent with IRS and ERISA safe harbor provisions for non discrimination to non highly compensated employees. Sentinel Benefits, a compensation and benefit consultant firm, provided actuarial and advisory services to assist the Company in the retirement plan decision made in 2006. The defined contribution benefit applies to all qualified Rockland Trust employees, including the named executive officers.

The actuarially determined present values of the named executives' retirement benefits as of the end of last year are reported in the table below entitled "Pension Benefits."

### **Employment Agreements**

The Company and/or Rockland Trust have entered into employment agreements with the CEO and the executive officers to ensure the continuity of executive leadership, to clarify the roles and responsibilities of executives, and to make explicit the terms and conditions of executive employment. Language concerning a change of control of the Company, and terms of compensation in that event, are included in these employment agreements consistent with what the compensation committee believes to be best industry practices, taking the current environment of consolidation within the financial services industry into

**Table of Contents**

account. The change of control language in employment agreements is designed to ensure that executives devote their full energy and attention to the best long term interests of the shareholders in the event that business conditions or external factors make consideration of a change of control appropriate.

**CEO Employment Agreement**

In January 2003, the Company and Rockland Trust entered into an employment agreement with Mr. Oddleifson for him to serve as President of the Company and Rockland Trust and to serve as CEO of the Company and Rockland Trust beginning February 24, 2003. The agreement provides Mr. Oddleifson with a base annual salary which may be increased at the discretion of the Board, the use of a Rockland Trust owned automobile, a fully vested stock-option grant of 50,000 shares under the 1997 Plan, and provides for participation in the various benefit programs provided by the Company, including group life insurance, sick leave and disability, retirement plans and medical insurance programs. The Company paid to relocate Mr. Oddleifson and his family from Charlotte, North Carolina and for temporary living expenses on a grossed up for taxes basis.

In April of 2005, the employment agreement was amended to provide that in the event of an involuntary termination of Mr. Oddleifson by the Company or Rockland Trust for reasons other than cause, as defined in the agreement or resignation by Mr. Oddleifson for good reason, as defined, Mr. Oddleifson would:

receive, in a lump sum, his base salary for an amount equal to three years times Mr. Oddleifson's then current Base Salary;

be entitled to continue to participate in and receive benefits under the Company's group health and life insurance programs for 18 months or, at his election, to receive a payment in an amount equal to the cost to the Company of Mr. Oddleifson's participation in such plans and benefits for 18 months with a gross-up for taxes;

would receive immediate vesting of all stock options which would and remain exercisable for the three months following termination; and

have continued use of his Company-owned automobile for 18 months.

Resignation for good reason under the employment agreement, means, among other things, the resignation of Mr. Oddleifson after (i) the Company or Rockland Trust, without the express written consent of Mr. Oddleifson, materially breaches the agreement to his substantial detriment; (ii) the Board of the Company or of Rockland Trust, without cause, substantially changes Mr. Oddleifson's core duties or removes his responsibility for those core duties, so as to effectively cause him to no longer be performing the duties of President and CEO of the Company and Rockland Trust; (iii) the Board of the Company or of Rockland Trust without cause, places another executive above Mr. Oddleifson in the Company or Rockland Trust; or (iv) a change of control, as defined, occurs. Mr. Oddleifson is required to give the Company or Rockland Trust thirty days notice and an opportunity to cure in the case of a resignation effective pursuant to clauses (i) through (iv) above. The estimated expense to the Company in the event of involuntary termination or termination for good reason of Mr. Oddleifson as of December 31, 2006 is \$1,431,882.

In the event of a termination of Mr. Oddleifson by the Company or Rockland Trust for cause, Mr. Oddleifson would forfeit benefits under the Rockland Trust SERP.

In the event of a change of control, Mr. Oddleifson is entitled to a lump sum of three years base salary plus three times his incentive compensation paid in the preceding twelve months or the plan's target, whichever is greater, plus continued participation in the insurance benefits for a three year period. All stock options granted to Mr. Oddleifson would immediately vest and remain exercisable for three months following the date of his termination. The Company

is obligated to credit and fund three years additional service in the Rockland SERP and Mr. Oddleifson is entitled to a tax gross up for any amounts in excess of IRS 280G limitations. The estimated expense to the Company of Mr. Oddleifson's termination in the event of a change in control as of December 31, 2006 is \$4,480,784.

**Executive Officer Employment Agreements**

In December 2004, the Company and Rockland Trust (in the case of those individuals who are also officers of the Company), entered into revised employment agreements Mr. Kelley, Ms. Lundquist, Mr. Seksay, and Mr. Sheahan (the Employment Agreement Group ) that are, in substance, virtually identical. These agreements, as revised, are terminable at will by either party. These agreements established base annual salaries which may be increased at the discretion of the Board. The

**Table of Contents**

employment agreements also provide for members of the Employment Agreement Group to participate in various benefit programs of Rockland Trust, including group life insurance, sick leave and disability, retirement plans and medical insurance programs and, in some instances, for the use of a Rockland Trust-owned automobile. The employment agreements further provide that if any member of the Employment Agreement Group is terminated involuntarily for any reason other than cause, as defined in the agreements, or if any member of the Employment Agreement Group resigns for good reason, as defined in the agreements, he or she would be entitled to continue to:

receive his/her then current base salary for twelve months, and

participate in and receive benefits under Rockland Trust's group health and life insurance programs for twelve months or, to the extent such plans or benefits are discontinued and no comparable plans or benefits are established, to receive a payment equal to the cost to Rockland Trust of such member of the Employment Agreement Group's participation in such plans and benefits for such period with a gross up for taxes.

All stock options previously granted would immediately become fully exercisable and would remain exercisable for a period of three months following his/her termination.

Resignation for good reason under the employment agreements, means, among other things, the resignation of the member of the Employment Agreement Group after (i) Rockland Trust, without the express written consent of the applicable member of the Employment Agreement Group, materially breaches the agreement to his/her substantial detriment; or (ii) the Rockland Trust Board of Directors, or its President and CEO, without cause, substantially changes the member of the Employment Agreement Group's core duties or removes his/her responsibility for those core duties, so as to effectively cause him/her to no longer be performing the duties for which he/she was hired. Each of the members of the Employment Agreement Group is required to give Rockland Trust thirty days notice and an opportunity to cure in the case of a resignation for good reason. As of December 31, 2006, the estimated expense to the company in the event of involuntary termination or termination for good reason of Mr. Kelley is \$269,392, of Ms. Lundquist is \$215,392, of Mr. Seksay is \$223,392, and Mr. Sheahan is \$258,918.

In the event of termination of the executive following a change of control, as defined in the agreements, each member of the Employment Agreement Group shall receive a lump sum payment equal to 36 months salary, plus a lump sum payment equal to three times the greater of (x) the amount of any incentive payment paid out within the previous 12 months under the Executive Incentive Plan or (y) the amount of any incentive payment paid out during the 12 months prior to such change of control under the Executive Incentive Plan. The Company is obligated to credit and fund three (3) years additional service in the Rockland SERP and the executive may continue to participate in and receive benefits under Rockland Trust's group health and life insurance programs for thirty-six months or, to the extent such plans or benefits are discontinued and no comparable plans or benefits are established, to receive a payment equal to the cost to Rockland Trust of such member of the Employment Agreement Group's participation in such plans and benefits for such period with a gross up for taxes. Also, during the 30 day period that comes one year after a change of control of the Company (as defined in the agreements), members of the Employment Agreement Group have the unqualified right to resign for any reason, or for no reason, and to receive the benefit provided for following the occurrence of a change of control as if such resignation was a resignation for good reason. These amounts are subject to the limits of Section 280G of the Internal Revenue Code and will be rolled back to an amount less than the limit. As of December 31, 2006, the estimated expense to the Company of a termination of the executives named in the tables, in the event of a change of control is \$1,082,195 for Mr. Kelley, is \$714,830 for Ms. Lundquist, is \$850,183 for Mr. Seksay, and is \$889,287 for Mr. Sheahan.

**Table of Contents****Tabular Disclosures Regarding Executive Officers**

The following tables provide 2006 Compensation information for the CEO, the CFO, and the Company's other three most highly compensated executive officers (collectively, the named executive officers):

**SUMMARY COMPENSATION TABLE**

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Bonus (\$) (d)	Stock Awards (\$)(1) (e)	Option Awards (\$)(1)(2) (f)	Non-Equity Incentive Plan Compensation (\$)(3) (g)	Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation (\$)(4) (i)	Total (\$) (j)
							Earnings (\$) (h)		
Christopher Oddleifson CEO	2006	463,077	N/A	N/A	205	190,350	89,533	9,036	752,201
Denis K. Sheahan CFO	2006	246,539	N/A	N/A	102	75,000	24,577	13,546	359,764
Ferdinand T. Kelley EVP	2006	257,848	N/A	N/A	117	65,000	161,355	16,748	501,068
Jane Lundquist EVP	2006	204,099	N/A	N/A	10,579	65,000	23,519	20,256	323,453
Edward H. Seksay General Counsel	2006	212,216	N/A	N/A	89	50,000	31,581	9,073	302,959

- (1) The assumptions used in the valuation for any awards reported in the Stock Awards column (column (e)) and the Option Awards column (column (f)) can be found in the Stock-Based Compensation section of Note 1 – Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements filed as part of the Company's 2006 Annual Report on Form 10-K. The assumptions used for Ms. Lundquist's awards are in footnote 5 and the assumptions used for all other awards listed above are in footnote 7 under the Black-Scholes assumptions table within that section.
- (2) The amounts listed in column (f) represent the compensation cost of prior option awards as reflected in the Company's financial statements for 2006, excluding the impact of estimated forfeitures. None of the awards were forfeited in 2006. The full grant-date fair value of the option awards referred to in column (f), computed in accordance with FAS 123R, was \$112,061 for Mr. Oddleifson, \$23,738 for Mr. Sheahan, \$22,964 for Mr. Kelley, \$39,946 for Ms. Lundquist, and \$23,408 for Mr. Seksay, or \$222,117 in aggregate.
- (3) The amounts listed in column (g) are the amounts which the Board awarded to the named executive officers in February 2007 for 2006 performance pursuant to the 2006 Executive Cash Incentive Plan described above.

- (4) The amounts in column (i) include, 401(k) matching contributions, defined contribution plan contributions, the value of excess life insurance and, as applicable, the value of a Company-owned car.



**Table of Contents**

**2007 STOCK OPTION AWARDS**

The table set forth below contains information about the stock options awarded in February 2007 to the named executive officers:

Name	Grant Date	Number of Securities Underlying Option (#)	Options Expiration Date	Exercise or Base Price of Option Awards (\$/Sh)	Full Grant Date Fair Value of Equity Based Awards (\$)
Christopher Oddleifson	2/15/2007	25,000	2/15/2017	32.995	\$ 262,720
Denis K. Sheahan	2/15/2007	10,000	2/15/2017	32.995	\$ 105,088
Ferdinand T. Kelley	2/15/2007	10,000	2/15/2017	32.995	\$ 105,088
Jane Lundquist	2/15/2007	8,000	2/15/2017	32.995	\$ 84,070
Edward H. Seksay	2/15/2007	5,000	2/15/2017	32.995	\$ 52,544

The table set forth below contains information for 2006 with respect to the named executive officers with respect to the 2006 Executive Cash Incentive Plan:

**GRANTS OF PLAN-BASED AWARDS**

Name	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (i)	All Other Option Awards: Number of Securities Underlying Options (j)	Exercise or Base Price of Option Awards (\$/Sh) (k)	Full Grant Date Fair Value of Equity Based Awards (\$)(l)
		Threshold (\$)(c)	Target (\$)(d)	Maximum (\$)(e)	Threshold (\$)(f)	Target (\$)(g)	Maximum (\$)(h)				
Christopher Oddleifson	N/A	\$ 52,875	\$ 211,500	\$ 528,750	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Denis K. Sheahan	N/A	\$ 37,500	\$ 75,000	\$ 159,375	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Edmund T. Kelley	N/A	\$ 39,000	\$ 78,000	\$ 165,750	N/A	N/A	N/A	N/A	N/A	N/A	N/A
John Lundquist	N/A	\$ 30,900	\$ 61,800	\$ 131,325	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Edward H. Seksay	N/A	\$ 21,400	\$ 42,800	\$ 90,950	N/A	N/A	N/A	N/A	N/A	N/A	N/A

- (1) The amounts set forth the range of possible awards to the named executive officers under the 2006 Executive Cash Incentive Plan described above. The actual awards to each of the named executive officers in February 2007 under the 2006 Executive Cash Incentive Plan are set forth in the Summary Compensation Table.

**Table of Contents**

The table set forth below contains individual equity awards that were outstanding as of December 31, 2006 for the named executive officers:

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

Name (a)	Option Awards					Stock Awards			
	Number of Underlying Securities Unexercisable (b)	Number of Underlying Securities Exercisable (c)	Equity Incentive Awards (d)	Exercise Price (\$) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (g)	Value of Shares or Units That Have Not Vested (h)	Unearned Shares, Units or Rights That Have Not Vested (i)	Market Value of Shares, Units or Rights That Have Not Vested (j)
Christopher Oddleifson	32,000	0	0	\$ 28.895	12/14/2012	n/a	n/a	n/a	n/a
	50,000	0	0	\$ 24.4095	01/09/2013	n/a	n/a	n/a	n/a
	16,650	0	0	\$ 30.14	12/11/2013	n/a	n/a	n/a	n/a
	31,000	0	0	\$ 34.18	12/09/2014	n/a	n/a	n/a	n/a
Denis K. Sheahan	3,625	0	0	\$ 17.25	12/23/2008	n/a	n/a	n/a	n/a
	1,250	0	0	\$ 12.4063	12/23/2009	n/a	n/a	n/a	n/a
	7,000	0	0	\$ 11.9063	12/20/2010	n/a	n/a	n/a	n/a
	10,100	0	0	\$ 20.125	12/19/2011	n/a	n/a	n/a	n/a
	18,000	0	0	\$ 28.895	12/14/2012	n/a	n/a	n/a	n/a
	9,850	0	0	\$ 23.47	12/19/2012	n/a	n/a	n/a	n/a
	8,300	0	0	\$ 30.14	12/11/2013	n/a	n/a	n/a	n/a
	12,000	0	0	\$ 34.18	12/09/2014	n/a	n/a	n/a	n/a
Ferdinand T. Kelley	2,657	0	0	\$ 17.25	12/23/2008	n/a	n/a	n/a	n/a
	6,947	0	0	\$ 20.125	12/19/2011	n/a	n/a	n/a	n/a
	12,000	0	0	\$ 28.895	12/14/2012	n/a	n/a	n/a	n/a
	4,740	0	0	\$ 23.47	12/19/2012	n/a	n/a	n/a	n/a
	9,550	0	0	\$ 30.14	12/11/2013	n/a	n/a	n/a	n/a

Edgar Filing: INDEPENDENT BANK CORP - Form DEF 14A

	12,000	0	0	\$ 34.18	12/09/2014	n/a	n/a	n/a	n/a
Jane Lundquist	10,000	0	0	\$ 28.895	12/14/2012	n/a	n/a	n/a	n/a
	10,000	0	0	\$ 28.06	07/19/2014	n/a	n/a	n/a	n/a
	10,000	0	0	\$ 32.765	10/20/2014	n/a	n/a	n/a	n/a
	12,000	0	0	\$ 34.18	12/09/2014	n/a	n/a	n/a	n/a
Edward H. Seksay	7,500	0	0	\$ 28.895	12/14/2012	n/a	n/a	n/a	n/a
	8,725	0	0	\$ 23.47	12/19/2012	n/a	n/a	n/a	n/a
	7,275	0	0	\$ 30.14	12/11/2013	n/a	n/a	n/a	n/a
	7,500	0	0	\$ 34.18	12/09/2014	n/a	n/a	n/a	n/a

**Table of Contents**

The following table sets forth, with respect to the named executive officers, information with respect to the aggregate amount of options exercised during the last fiscal year, and the value realized thereon.

**OPTION EXERCISES AND STOCK VESTED**

Name (a)	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#) (b)	Value Realized Upon Exercise (\$) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting (\$) (e)
Christopher Oddleifson			N/A	N/A
Denis K. Sheahan	5,450	\$ 94,126	N/A	N/A
Ferdinand T. Kelley	13,991	\$ 171,503	N/A	N/A
Jane Lundquist			N/A	N/A
Edward H. Seksay			N/A	N/A

The following table provides details of the present value of the accumulated benefit and years of credited service for the named executive officers under the Company's qualified and non-qualified retirement programs:

**PENSION BENEFITS**

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit (\$) (d)	Payments During Last Fiscal Year (\$) (e)
Christopher Oddleifson	Defined Benefit Plan	2.4	25,000	0
	Rockland SERP Defined Benefit	2.9	245,633	0
Denis K. Sheahan	Plan	8.9	52,000	0
	Rockland SERP Defined Benefit	10.4	226,655	0
Ferdinand T. Kelley	Plan	13.5	413,000	0
	Rockland SERP Defined Benefit	13.8	511,882	0
Jane Lundquist	Plan	0.91	14,000	0
	Rockland SERP Defined Benefit	1.75	27,068	0
Edward H. Seksay	Plan	4.9	50,000	0
	Rockland SERP	5.4	123,982	0

## **Deferred Compensation**

Rockland Trust does not sponsor deferred compensation programs for its executives. A table regarding nonqualified deferred compensation is therefore omitted.

## **Compensation Committee Report**

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis with management and, based upon that review and discussion, has recommended to the Board that the Compensation Discussion and Analysis be included in the Proxy Statement and, through incorporation by reference, also in our Annual Report on Form 10-K

Submitted by:

W. Paul Clark, Chair

Benjamin A. Gilmore, II, Vice-Chair

Kevin J. Jones

Richard H. Sgarzi

Thomas J. Teuten

*Compensation Committee*

*Independent Bank Corp.*

**Table of Contents****STOCK OWNERSHIP AND OTHER MATTERS****Common Stock Beneficially Owned by any Entity with 5% or More of Common Stock and Owned by Directors and Executive Officers**

The following table sets forth the beneficial ownership of the Common Stock as of January 31, 2007, with respect to (i) any person or entity who is known to the Company to be the beneficial owner of more than 5% of the Common Stock, (ii) each director, (iii) each of the named executive officers, and (iv) all directors and all executive officers of the Company as a group:

<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class(1)</b>
Private Capital Management 8889 Pelican Bay Blvd. Naples, Florida 34108	1,242,470(2)	8.45%
MFC Global Investment Management (US) LLC 101 Huntington Avenue 7th floor Boston, MA 02199-7603	735,000(2)	5.00%
Richard S. Anderson	33,279(3)	**
W. Paul Clark	9,500(4)	**
Benjamin A. Gilmore, II E. Winthrop Hall	15,832(5)	**
Kevin J. Jones	20,610(6)	**
Ferdinand T. Kelley	90,422(7)	**
Donna A. Lopolito	57,054(8)	**
Jane L. Lundquist	5,960(9)	**
Eileen C. Miskell	42,686(10)	**
Christopher Oddleifson	20,038(11)	**
Edward H. Saksay	145,400(12)	**
Richard H. Sgarzi	34,362(13)	**
Denis K. Sheahan	151,346(14)	1.03%
John H. Spurr, Jr.	82,688(15)	**
Robert D. Sullivan	335,666(16)	2.28%
Brian S. Tedeschi	29,511(17)	**
Thomas J. Teuten	45,018(18)	**
Directors and executive officers as a group (19 Individuals)	323,322(19)	2.20%
	1,247,811(20)	8.48%

(1) Percentages are not reflected for individuals whose holdings represent less than 1%. The information contained herein is based on information provided by the respective individuals and filings pursuant to the Securities Exchange Act of 1934, as amended ( Exchange Act ) as of January 31, 2007. Shares are deemed to be beneficially owned by a person if he or she directly or indirectly has or shares (i) voting power, which includes the power to vote or to direct the voting of the shares, or (ii) investment power, which includes the power to

dispose or to direct the disposition of the shares. Unless otherwise indicated, all shares are beneficially owned by the respective individuals. Shares of common stock which are subject to stock options exercisable within 60 days of January 31, 2007 are deemed to be outstanding for the purpose of computing the amount and percentage of outstanding common stock owned by such person. See section entitled Executive Officer Information.

- (2) Shares owned as of December 31, 2006, based upon public filings with the SEC.
- (3) Includes 6,000 shares which Mr. Anderson has a right to acquire immediately through the exercise of stock options granted pursuant to the Company's 1996 Director Stock Plan and 400 unvested restricted shares pursuant to the 2006 Director Stock Plan.



**Table of Contents**

- (4) Includes 9,000 shares which Mr. Clark has a right to acquire immediately through the exercise of stock options granted pursuant to the 1996 Director Stock Plan and 400 unvested restricted shares pursuant to the 2006 Director Stock Plan.
- (5) Includes 889 shares owned by Mr. Gilmore and his wife, jointly, and 618 shares owned by his wife, individually. Mr. Gilmore shares voting and investment power with respect to such shares. Includes 8,000 shares which Mr. Gilmore has a right to acquire immediately through the exercise of stock options granted pursuant to the 1996 Director Stock Plan and 400 unvested restricted shares pursuant to the 2006 Director Stock Plan.
- (6) Includes 8,000 shares which Mr. Hall has a right to acquire immediately through the exercise of stock options granted pursuant to the 1996 Director Stock Plan and 400 unvested restricted shares pursuant to the 2006 Director Stock Plan.
- (7) Includes 7,429 shares owned by Mr. Jones wife, individually, 10,000 shares held in the name of Kevin J. Jones & Frances Jones, Trustees, Brian Jones Irrevocable Trust; 10,000 shares held in the name of Kevin J. Jones & Frances Jones, Trustees, Mark Jones Irrevocable Trust, and 10,000 shares held in the name of Kevin J. Jones & Frances Jones, Trustees, Sean Jones Irrevocable Trust; 5,000 shares owned by Plumbers Supply Company, of which Mr. Jones is Treasurer. Mr. Jones shares voting and investment power with respect to such shares. Includes 13,000 shares which Mr. Jones has a right to acquire immediately through the exercise of stock options granted pursuant to the 1996 Director Stock Plan and 400 unvested restricted shares pursuant to the 2006 Director Stock Plan.
- (8) Includes 125 shares owned by Mr. Kelley and his wife, jointly, and 6,831 shares held in the name of The Ferdinand T. Kelley Revocable Living Trust (dated December 29, 2004) on which Mr. Kelley is a trustee and his spouse is a beneficiary, and 47,894 shares which Mr. Kelley has a right to acquire within 60 days of January 31, 2007, through the exercise of stock options granted pursuant to the Employee Stock Plans.
- (9) Includes 3,334 shares which Ms. Lopolito has a right to acquire immediately through the exercise of stock options granted pursuant to the 2006 Director Stock Plan and 400 unvested restricted shares pursuant to the 2006 Director Stock Plan.
- (10) Includes 38,666 shares which Ms. Lundquist has a right to acquire within 60 days of January 31, 2007 through the exercise of stock options granted pursuant to the Employee Stock Plans.
- (11) Includes 6,728 shares owned jointly by Ms. Miskell and her spouse; 1,981 shares owned by spouse, and 3,301 shares owned by The Wood Lumber Company of which Ms. Miskell is Treasurer. Ms. Miskell shares voting and investment power with respect to such shares. Includes 3,334 shares which Ms. Miskell has a right to acquire immediately through the exercise of stock options granted pursuant to the 2006 Director Stock Plan and 400 unvested restricted shares pursuant to the 2006 Director Stock Plan.
- (12) Includes 129,650 shares which Mr. Oddleifson has a right to acquire within 60 days of January 31, 2007 through the exercise of stock options granted pursuant to the Employee Stock Plans.
- (13) Includes 31,000 shares which Mr. Seksay has a right to acquire within 60 days of January 31, 2007 through the exercise of stock options granted pursuant to the Employee Stock Plans.
- (14)

Includes 9,000 shares which Mr. Sgarzi has a right to acquire immediately through the exercise of stock options granted pursuant to the 1996 Director Stock Plan and 400 unvested restricted shares pursuant to the 2006 Director Stock Plan.

- (15) Includes 70,125 shares which Mr. Sheahan has a right to acquire within 60 days of January 31, 2007 through the exercise of stock options granted pursuant to the Employee Stock Plans.
- (16) Includes 12,995 shares held in various trusts, as to which Mr. Spurr is a trustee and, as such, has voting and investment power with respect to such shares. Includes 595 shares owned by Mr. Spurr's wife, individually, and 300,613 shares owned of record by A. W. Perry Security Corporation, of which Mr. Spurr is President. Includes 4,000 shares which Mr. Spurr has a right to acquire immediately through the exercise of stock options granted pursuant to the 1996 Director Stock Plan and 400 unvested restricted shares pursuant to the 2006 Director Stock Plan.
- (17) Includes 18,339 shares held in various trusts, as to which Mr. Sullivan is a trustee and, as such, has voting and investment power with respect to such shares. Includes 2,634 shares owned by Sullivan Companies Retirement Trust on which Mr. Sullivan is a Trustee. Includes 5,000 shares which Mr. Sullivan has a right to acquire immediately through the exercise of stock options granted pursuant to the 1996 Director Stock Plan and 400 unvested restricted shares pursuant to the 2006 Director Stock Plan.
- (18) Includes 1,200 shares owned by Mr. Tedeschi's wife, individually, and 9,000 shares which Mr. Tedeschi has a right to acquire immediately through the exercise of stock options granted pursuant to the 1996 Director Stock Plan and 400 unvested restricted shares pursuant to the 2006 Director Stock Plan.

**Table of Contents**

- (19) Includes 5,892 shares owned by Mr. Teuten and his wife, jointly, 7,658 shares owned by Mr. Teuten's wife, individually, and 300,613 shares owned of record by A.W. Perry Security Corporation, of which Mr. Teuten is Chairman of the Board. Mr. Teuten shares investment and voting power with respect to such shares. Includes 5,000 shares which Mr. Teuten has a right to acquire immediately through the exercise of stock options granted pursuant to the 1996 Director Stock Plan and 400 unvested restricted shares pursuant to the 2006 Director Stock Plan.
- (20) This total has been adjusted to eliminate any double counting of shares beneficially owned by more than one member of the group.

**Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires the Company's executive officers and directors, and holders of 10% or more of the Company's common stock, to file reports on Forms 3, 4, and 5 with the SEC to indicate ownership and changes in ownership of common stock with the SEC and to furnish the Company with copies of those reports. Based solely upon a review of the copies of those reports and any amendments thereto, the Company believes that during the year ending December 31, 2006 filing requirements under Section 16(a) were complied with in a timely fashion.

**Solicitation of Proxies and Expenses of Solicitation**

The proxy form accompanying this proxy statement is solicited by the Board of the Company. Proxies may be solicited by officers, directors, and regular supervisory and executive employees of the Company, none of whom will receive any additional compensation for their services. Also, Georgeson Shareholder Communications may solicit proxies at an approximate cost of \$8,000 plus reasonable expenses. Such solicitations may be made personally or by mail, facsimile, telephone, telegraph, messenger, or via the Internet. The Company will pay persons holding shares of common stock in their names or in the names of nominees, but not owning such shares beneficially, such as brokerage houses, banks, and other fiduciaries, for the expense of forwarding solicitation materials to their principals. All of the costs of solicitation of proxies will be paid by the Company.

**Annual Report and Form 10-K**

A copy of the Company's Annual Report to Shareholders for the year ended December 31, 2006, which includes the Company's Annual Report to the SEC on Form 10-K for the year ended December 31, 2006 (without attached exhibits), is being mailed with this proxy statement to all shareholders of the Company. The Form 10-K is not part of the proxy solicitation material.

**Table of Contents**

**Electronic Voting Instructions**

**You can vote by Internet or telephone!**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

**VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.**

**Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on April 12, 2007.**

**Vote by Internet**

Log on to the Internet and go to

**www.investorvote.com**

Follow the steps outlined on the secured website.

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the United States, Canada & Puerto Rico any time on a touch tone telephone. There is **NO CHARGE** to you for the call.

Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**Annual Meeting Proxy Card** **123456**      **C0123456789**      **12345**

**6 IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6**

**A Proposals**    **The Board of Directors recommends a vote FOR all the nominees for Class II Directors listed and FOR Proposal 2.**

- |                              |                          |                                  |                         |
|------------------------------|--------------------------|----------------------------------|-------------------------|
| 1. Election of<br>Directors: | 01    W. Paul Clark      | 02    Benjamin A.<br>Gilmore, II | 03    Eileen C. Miskell |
|                              | 04    John H. Spurr, Jr. |                                  |                         |

- o **Mark here to vote FOR all nominees**
- o **Mark here to WITHHOLD vote from all nominees**

01    02    03    04

- For All EXCEPT** - To withhold a vote for one or more nominees, mark the box to the left and the corresponding numbered box(es) to the right.

- |  | <b>For</b>            | <b>Against</b>        | <b>Abstain</b>        |
|--|-----------------------|-----------------------|-----------------------|
| 2. To ratify the selection of KPMG LLP as the independent registered public accounting firm of Independent Bank Corp. for 2007.  | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 3. To consider and act upon any matters incidental to any of the foregoing purposes, and any other business which may properly come before the Annual Meeting or any adjournments thereof. |                       |                       |                       |

**B Non-Voting Items**

**Change of Address** Please print new address below.

**C Authorized Signatures** This section must be completed for your vote to be counted. **Date and Sign Below**  
Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, please give full title as such.

Date (mm/dd/yyyy) Please print date below.

Signature 1 Please keep signature within the box.

Signature 2 Please keep signature within the box.

**Table of Contents**

**6 IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6**

**Proxy INDEPENDENT BANK CORP.**

**THIS PROXY IS SOLICITED BY THE INDEPENDENT BANK CORP. BOARD OF DIRECTORS**

The undersigned stockholder, having received a Notice of Meeting and Proxy Statement of the Board of Directors dated March 5, 2007 (hereinafter the Proxy Statement ), hereby appoint(s) Linda M. Campion and Tara M. Villanova, or any one or more of them, attorneys or attorney of the undersigned (with full power of substitution in them and in each of them), for and in the name(s) of the undersigned to attend the Annual Meeting of Stockholders of Independent Bank Corp. to be held at the Radisson Hotel Rockland, 929 Hingham Street, Rockland, Massachusetts on Thursday, April 12, 2007 at 10:00 a.m., local time, and any adjournment or adjournments thereof, and there to vote and act in regard to all powers the undersigned would possess, if personally present, and especially (but without limiting the general authorization and power hereby given) to vote and act in accordance with any voting instructions provided. Attendance at the Annual Meeting or any adjournments thereof will not be deemed to revoke this proxy unless the undersigned shall, prior to the voting of shares, give written notice to the Clerk of the Company of his or her intention to vote in person. If a fiduciary capacity is attributed to the undersigned, this proxy is signed in that capacity. The undersigned hereby confer(s) upon Linda M. Campion and Tara M. Villanova, and each of them, discretionary authority to vote (a) on any other matters or proposals not known at the time of solicitation of this proxy which may properly come before the Annual Meeting, and (b) with respect to the selection of directors in the event any nominee for director is unable to stand for election due to death, incapacity, or other unforeseen emergency.

**YOUR SHARES WILL BE VOTED AS SPECIFIED. IF YOU SIGN AND RETURN THIS FORM WITHOUT INDICATING HOW YOU WANT YOUR SHARES VOTED, THEY WILL BE VOTED FOR ALL PROPOSALS AND OTHERWISE AT THE DISCRETION OF THE PROXY HOLDERS.**

**CONTINUED AND TO BE SIGNED ON THE REVERSE SIDE**