

Edgar Filing: Home Federal Bancorp, Inc. - Form S-1/A

Home Federal Bancorp, Inc.  
Form S-1/A  
October 30, 2007

As filed with the Securities and Exchange Commission on October 30, 2007

Registration No. 333- 146289

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

AMENDMENT NO. 1 TO  
FORM S-1  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

HOME FEDERAL BANCORP, INC.

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(Exact name of registrant as specified in its charter)

Maryland  

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(State or other jurisdiction of  
incorporation or organization)

6035  

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(Primary Standard Industrial  
Classification Code Number)

26-0886727  

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(I.R.S. Employer  
Identification Number)

**500 12<sup>th</sup> Avenue South  
Nampa, Idaho 83651  
(208) 466-4634**

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(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)

John F. Breyer, Jr., Esquire  
Breyer & Associates PC  
8180 Greensboro Drive, Suite 785  
McLean, Virginia 22102  
(703) 883-1100

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(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

Approximate date of commencement of proposed sale to the public:  
As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.  x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.  o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.  o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.  o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.  o

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## Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock, \$0.01 par value	15,870,000	\$10.00	\$158,700,000 (2)	\$4,873.00 ( 2 )
Participation Interests	365,300			(3)

(1) Estimated solely for purposes of calculating the registration fee. As described in the prospectus, the actual number of shares to be issued and sold are subject to adjustment based upon the estimated pro forma market value of the registrant and market and financial conditions.

(2) Previously paid.

(3) The securities of Home Federal Bancorp, Inc. to be purchased by the Home Federal Bank 401(k) Savings Plan are included in the amount shown for Common Stock. Accordingly, pursuant to Rule 457(h) of the Securities Act, no separate fee is required for the participation interests. Pursuant to such rule, the amount being registered has been calculated on the basis of the number of shares of Common Stock that may be purchased with the current assets of such Plan.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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### PART I INFORMATION REQUIRED IN PROSPECTUS

Cross Reference Sheet showing the location in the Prospectus of the Items of Form S-1

Item 1. Forepart of the Registration Statement and Outside Front Cover of Prospectus	Forepart of the Registration Statement; Outside Front Cover Page
Item 2. Inside Front and Outside Back Cover Pages of Prospectus	Inside Front Cover Page; Outside Back Cover Page
Item 3. Summary Information, Risk Factors and Ratio of Earnings to Fixed Charges	Summary; Risk Factors
Item 4. Use of Proceeds	How We Intend to Use the Proceeds From this Offering; Capitalization
Item 5. Determination of Offering Price	The Conversion and Stock Offering How We Determined Our Price and the Number of Shares to be Issued in the Stock Offering
Item 6. Dilution	*
Item 7. Selling Security Holders	*
Item 8. Plan of Distribution	The Conversion and Stock Offering
Item 9. Description of Securities to be Registered	Description of Capital Stock of New Home Federal Bancorp
Item 10. Interests of Named Experts and Counsel	Legal and Tax Opinions; Experts
Item 11. Information with Respect to the Registrant	
(a) Description of Business	Business of Home Federal Bancorp, Inc. and Home Federal Bank
(b) Description of Property	Business of Home Federal Bancorp, Inc. and Home Federal Bank Properties
(c) Legal Proceedings	Business of Home Federal Bancorp, Inc. and Home Federal Bank Legal Proceedings
(d) Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters	Outside Front Cover Page; Market for Our Common Stock; We Intend to Continue to Pay Quarterly Dividends
(e) Financial Statements	Consolidated Financial Statements; Pro Forma Data
(f) Selected Financial Data	Selected Financial and Other Data
(g) Supplementary Financial Information	*

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(h) Management's Discussion and Analysis of Financial Condition and Results of Operations	Management's Discussion and Analysis of Financial Condition and Results of Operations
(i) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	*
(j) Quantitative and Qualitative Disclosures About Market Risk	Management's Discussion and Analysis of Financial Condition and Results of Operations    Asset and Liability Management and Market Risk
(k) Directors, Executive Officers, Promoters and Control Persons	Management
(l) Executive Compensation	Management    Summary Compensation Table, Management    Employment Agreements and Other Compensatory Arrangements, Management Benefits to be Considered Following Completion of the Conversion; Management    Benefit Plans
(m) Security Ownership of Certain Beneficial Owners and Management	*
(n) Certain Relationships and Related Transactions	Management    Transactions with Management
Item 12. Disclosure of Commission Position on Indemnification for Securities Act Liabilities	Part II, Item 17

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\*Item is omitted because answer is negative or item inapplicable.

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**HOME FEDERAL BANCORP, INC.**  
HOME FEDERAL BANK S 401(K) PLAN TRUST

This prospectus supplement relates to the election by participants in the Home Federal Bank s 401(k) Plan to direct the plan trustee to invest all or a portion of their funds in the plan in the common stock of new Home Federal Bancorp, Inc. ( new Home Federal Bancorp ). The Home Federal Bank s 401(k) Plan is referred to in this prospectus supplement as the 401(k) Plan.

The common stock may be purchased through the Employer Stock Fund under the 401(k) Plan. The interests offered under this prospectus supplement are conditioned on the conversion of Home Federal MHC ( Home Federal MHC ) from the mutual to stock form of organization. Your investment in the Employer Stock Fund in connection with Home Federal MHC s conversion is also governed by the purchase priorities contained in the plan of conversion and reorganization adopted by Home Federal MHC, Home Federal Bancorp, Inc., Home Federal Bank and new Home Federal Bancorp (the plan of conversion and reorganization ). The 401(k) Plan permits you, as a participant, to direct the trustee of the Employer Stock Fund to purchase new Home Federal Bancorp common stock with amounts in the 401(k) Plan attributable to your accounts. This prospectus supplement relates solely to the election of a participant to direct the purchase of new Home Federal Bancorp common stock in the conversion and stock offering and not to any future purchases under the 401(k) Plan or otherwise.

The prospectus dated \_\_\_\_\_ of new Home Federal Bancorp, which is being delivered with this prospectus supplement, includes detailed information with respect to new Home Federal Bancorp, the conversion and stock offering, new Home Federal Bancorp common stock and the financial condition, results of operations and business of Home Federal Bancorp. This prospectus supplement, which provides detailed information with respect to the 401(k) Plan, should be read only in conjunction with the prospectus.

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**For a discussion of certain factors that you should consider before investing,  
see Restrictions on Resale at page 12 in this prospectus supplement  
and Risk Factors beginning on page \_\_\_\_\_ in the prospectus.**

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**The securities offered hereby are not deposits or accounts and are not federally insured or guaranteed.**

**The securities offered hereby have not been approved or disapproved by the Securities and Exchange Commission, the Office of Thrift Supervision, or any state securities commission or agency, nor have these agencies passed upon the accuracy or adequacy of this prospectus supplement. Any representation to the contrary is a criminal offense.**

The date of this prospectus supplement is \_\_\_\_\_.

**This prospectus supplement contains information you should consider when making your investment decision. You should rely only on the information provided in this prospectus supplement and the related prospectus. New Home Federal Bancorp has not authorized anyone else to provide you with different information. Home Federal Bancorp is not making an offer of its common stock in any state where an offer is not permitted. The information in this prospectus supplement is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus supplement or any sale of new Home Federal Bancorp common stock.**

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**THE OFFERING**

**Election to Purchase New Home Federal Bancorp Common Stock in the Conversion**

In connection with the conversion of Home Federal MHC from the mutual to stock form of organization, the 401(k) Plan will permit each participant to direct that all or part of the funds in his or her accounts under the 401(k) Plan be transferred to the Employer Stock Fund and used to purchase new Home Federal Bancorp common stock in the stock offering. The trustee of the Employer Stock Fund will follow the participants' directions and exercise subscription rights to purchase the common stock in the stock offering to the extent provided in our plan of conversion and reorganization. Funds in the 401(k) Plan that you do not want to be used to purchase new Home Federal Bancorp common stock will remain invested in accordance with your investment instructions in effect at the time.

**Respective purchases by the 401(k) Plan in the stock offering will be counted as purchases by the individual participants at whose election they are made, and will be subject to the purchase limitations applicable to the individual, rather than being counted in determining the maximum amount that the Home Federal Bancorp tax-qualified employee plans (as defined in the prospectus) may purchase in the aggregate. See Home Federal MHC's Conversion and Stock Offering - Subscription Offering and Subscription Rights in the prospectus.**

All participants are eligible to direct a transfer of funds to the Employer Stock Fund. However, these directions are subject to the purchase priorities in the plan of conversion and reorganization. Your order will be filled based on your status as an eligible account holder, supplemental eligible account holder or other member in the stock offering. An eligible account holder is a depositor whose deposit account(s) totaled \$50.00 or more on March 31, 2006. A supplemental eligible account holder is a depositor whose deposit account(s) totaled \$50.00 or more on September 30, 2007. An other member is a depositor of Home Federal Bank as of \_\_\_\_\_ 2007, or a borrower as of March 16, 2004, respectively. If you fall into one of the above subscription offering categories, you have subscription rights to purchase shares of new Home Federal Bancorp common stock in the subscription offering and you may use funds in your 401(k) Plan account to pay for the shares of new Home Federal Bancorp common stock that you are eligible to purchase.

If we receive subscriptions for more shares than are to be sold in the offering, shares will be allocated to subscribers in the order of the priorities established in the plan of conversion and reorganization under a formula outlined within the plan of conversion and reorganization. In that case, as a result of the allocation, the trustee for the 401(k) Plan may not be able to purchase all of the common stock you requested in the stock offering. The trustee will purchase in the stock offering as many shares as it is able and will pro-rate those shares to each participant's account based on the purchase priorities contained in the Home Federal MHC plan of conversion and reorganization outlined above.

**Securities Offered**

The securities offered in connection with this prospectus supplement are participation interests in the Employer Stock Fund. In connection with the conversion from the mutual to stock form of organization of Home Federal MHC, and subject to any limits set out in the plan of conversion and reorganization, up to 100% of the assets of the 401(k) Plan may be used by the 401(k) Plan trustee to acquire our common stock for the accounts of employees participating in the 401(k) Plan. Based on the asset value of the 401(k) Plan as of December 31, 2006, and the offering price, up to 587,592 shares of our common stock could be acquired by the 401(k) Plan. New Home Federal Bancorp is the issuer of the common stock and only the employees of Home Federal Bank and Home Federal Bancorp (and after the conversion, employees of new Home Federal Bancorp) may participate in the 401(k) Plan. Information relating to the 401(k) Plan is contained in this prospectus supplement and information relating to Home Federal Bancorp, the conversion and stock offering, and the financial condition, results of operations and business of Home Federal Bancorp is contained in the prospectus delivered with this prospectus supplement. The address of our principal executive office is 500 12<sup>th</sup> Avenue South, Nampa, Idaho 83651, and our telephone number is (208) 466-4634. As of December 31, 2006, the market value of the assets of the 401(k) Plan equaled approximately \$5,875,972. The plan administrator has informed each participant of the value of his or her beneficial interest in the 401(k) Plan. The value of 401(k) Plan assets represents past contributions to the 401(k) Plan on your behalf, plus or minus earnings or losses on the contributions, less previous withdrawals.

**Method of Directing Transfer**

Included with this prospectus supplement is an Investment Election Form. If you wish to direct some or all of your beneficial interest in the assets of the 401(k) Plan into the Employer Stock Fund to purchase new Home Federal Bancorp common stock in the stock offering, you should indicate that decision by completing and submitting the election form. If you do not wish to make an election at this time, you do not need to take any action.

**Time for Directing Transfer**

The deadline for submitting a direction to transfer amounts to the Employer Stock Fund in order to purchase new Home Federal Bancorp common stock in the stock offering is \_\_\_\_\_, unless extended. Your completed election form must be returned to the stock information center, 500 12<sup>th</sup> Avenue South, Nampa, Idaho 83651, by 12:00 Noon, Mountain time on that date.

**Irrevocability of Transfer Direction**

Once received in proper form, your executed Investment Election Form may not be modified, amended or revoked without our consent unless the stock offering has not been completed by \_\_\_\_\_. See also Investment of Contributions - New Home Federal Bancorp Common Stock Investment Election Procedures below.

**Subsequent Elections**

After the offering, you will continue to be able to direct the investment of past balances and current contributions among the investment options available under the 401(k) Plan, including the Employer Stock Fund (the percentage invested in any option must be a whole percent). The allocation of your interest in the various investment options offered under the 401(k) Plan may be changed daily. Special restrictions may apply to transfers directed to or from the Employer Stock Fund by those participants who are our executive officers and principal stockholders and are subject to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended.

**Purchase of New Home Federal Bancorp Common Stock The Employer Stock Fund**

Shares of new Home Federal Bancorp common stock purchased through the 401(k) Plan will be held as part of the Employer Stock Fund. The trustee requires that Employer Stock Fund units consist of both shares of new Home Federal Bancorp common stock and cash. Accordingly, funds transferred to the Employer Stock Fund for the purchase of new Home Federal Bancorp common stock in the stock offering will be used by the trustee to purchase both shares of the common stock and cash. Units of the Employer Stock Fund will be valued in the offering at \$10.00 per unit. Of this amount, \$9.70 will be used to acquire 0.97 of one share of new Home Federal Bancorp common stock, and \$.30 will be used to acquire cash, through an interest in a money market account. All other persons who purchase our common stock in the stock offering outside of the 401(k) Plan may acquire the common stock without having to acquire the related cash interest and will pay \$10.00 per share for new Home Federal Bancorp common stock.

**Nature of a Participant's Interest in New Home Federal Bancorp Common Stock**

New Home Federal Bancorp common stock will be held in the name of the trustee as part of the Employer Stock Fund, in its capacity as trustee. Because the 401(k) Plan actually purchases the Employer Stock Fund units, you will acquire a participation interest in the Employer Stock Fund units (and the underlying shares of new Home Federal Bancorp common stock and cash) and not own the units (and shares and cash) directly. The trustee will maintain individual accounts reflecting each participant's individual interest in the Employer Stock Fund.

**Voting and Tender Rights of New Home Federal Bancorp Common Stock**

The plan administrator generally will exercise voting rights attributable to all of the common stock held by the Employer Stock Fund. With respect to matters involving tender offers for new Home Federal Bancorp, the plan administrator will vote shares allocated to participants in the 401(k) Plan as directed by participants with interests in the Employer Stock Fund. The trustee will provide to you voting instruction rights reflecting your proportional interest in the Employer Stock Fund. The number of shares of common stock held in the Employer Stock Fund that



the trustee votes in the affirmative and negative on each matter will be proportionate to the voting instructions given by the participants. Where no voting or tender offer instructions are given by the participant, the shares shall be voted or tendered in the manner directed by the plan administrator.

## DESCRIPTION OF THE 401(k) PLAN

### Introduction

The 401(k) Plan was adopted by Home Federal and is now formally named the Home Federal Bank's 401(k) Plan. This profit sharing plan contains a cash-or-deferred feature described at Section 401(k) of the Internal Revenue Code of 1986, as amended, to encourage employee savings and to allow eligible employees to supplement their income upon retirement. In connection with the conversion, new Home Federal Bancorp will formally adopt the 401(k) Plan. References to Home Federal Bancorp in this description of the 401(k) Plan should be considered to refer to new Home Federal Bancorp after the conversion.

*Reference to Full Text of 401(k) Plan.* The following statements are summaries of certain provisions of the 401(k) Plan. They are not meant to be a complete description of these provisions and are qualified in their entirety by the full text of the 401(k) Plan. Copies of the 401(k) Plan are available to all employees. You should submit your request to the plan administrator, Home Federal Bank, 500 12<sup>th</sup> Avenue South, Nampa, Idaho 83651. We encourage you to read carefully the full text of the 401(k) Plan to understand your rights and obligations under the 401(k) Plan.

*Tax and Securities Laws.* Participants should consult with legal counsel regarding the tax and securities laws implications of participation in the 401(k) Plan. Any officers or beneficial owners of more than 10% of the outstanding shares of common stock should consider the applicability of Sections 16(a) and 16(b) of the Securities Exchange Act of 1934, as amended, to his or her participation in the 401(k) Plan. See Securities and Exchange Commission Reporting and Short Swing Profit Liability on page 12 of this prospectus supplement.

### Eligibility and Participation

All employees of Home Federal Bancorp (or, after the conversion, new Home Federal Bancorp) or a subsidiary are eligible to participate in the cash or deferred portion (i.e., that portion of the 401(k) Plan under which 401(k) deferrals are made) as of the first day of the calendar quarter following the commencement of employment. All employees of Home Federal Bancorp (or, after the conversion, new Home Federal Bancorp) or a subsidiary who have completed one year of service are eligible to participate in the matching contribution portion of the 401(k) Plan as of the first day of the next following calendar quarter, and the profit sharing portion of the 401(k) Plan on the next following January 1 or July 1. As of December 31, 2006, there were approximately 383 employees eligible to participate in the cash or deferred portion of the 401(k) Plan, and 294 employees had elected to participate.

### Contributions Under the 401(k) Plan

*401(k) Contributions.* The 401(k) Plan permits each participant to defer receipt of up to 100% of their annual compensation, not to exceed \$15,500 (for 2007), and to have that compensation contributed to the 401(k) Plan. A 401(k) contribution of 3% of compensation will automatically be made unless the participant elects a different percentage, or to have no 401(k) contributions made on his or her behalf. Generally, the 401(k) Plan describes a participant's annual compensation as total compensation while the employee is a participant, taking into account pre-tax deferrals and excluding fringe benefits. However, no more than \$225,000 of compensation may be taken into account for purposes of determining 401(k) contributions (and matching and profit sharing contributions) for 2007. You may modify the rate of your future 401(k) contributions by filing a new deferral agreement with the plan administrator. Modifications to your rate of 401(k) contributions may take effect as soon as practicable following when you make your revised deferral election. Suspension of your 401(k) contributions will be effective 30 days after that election.

*Catch-Up 401(k) Contributions.* The 401(k) Plan permits each participant who has attained age 50 to defer up to an additional \$5,000 (for 2007) into the 401(k) Plan. Catch-up 401(k) contributions are not subject to any limitations other than the \$5,000 dollar limitation.

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*Matching Contributions.* The 401(k) Plan currently provides for matching contributions to the 401(k) Plan. The annual matching contribution amount is determined by Home Federal Bancorp (and may be zero).

*Profit Sharing Contributions.* The 401(k) Plan currently permits Home Federal Bancorp to make discretionary profit sharing contributions to the 401(k) Plan. To be eligible for a profit sharing contribution in any year, you must be actively employed with Home Federal Bancorp or Home Federal Bank on the last day of the plan year, and have completed at least 1,000 hours of service during the plan year. In any Plan Year in which a profit sharing contribution is made and in which you are eligible to receive an allocation, an allocation will be made to your profit sharing account using a grouping method. Under this method, you will be assigned to a group which will share in the contribution (if any) that we make for that group. The amount contributed for each group is usually allocated in the ratio that the compensation of each eligible participant who is a member of that group bears to the total compensation of all eligible participants who are members of that group. This means that the amount allocated to the profit sharing account of each eligible participant who is a member of that group will, as a percentage of compensation, be the same.

*Rollover Contributions.* You may also rollover or directly transfer accounts from another qualified plan or an individual retirement account (IRA), provided the rollover or direct transfer complies with applicable law. If you want to make a rollover contribution or direct transfer, you should contact the plan administrator.

### **Limitations on Contributions**

*Limitations on 401(k) Contributions.* Although the 401(k) Plan allows you to defer receipt of up to 100% of your compensation each year as a 401(k) contribution, federal law limits your total 401(k) contributions under the 401(k) Plan, and any similar plans, to \$15,500 for 2007. This annual limitation will increase in future years to reflect increases in the cost of living. 401(k) contributions in excess of this limitation are considered excess deferrals, and will be included in an affected participant's gross income for federal income tax purposes in the year the 401(k) contribution is made. In addition, any excess deferral will again be subject to federal income tax when distributed by the 401(k) Plan to the participant, unless the excess deferral, together with any income earned on the excess deferral, is distributed to the participant not later than the first April 15th following the close of the taxable year in which the excess deferral is made. Any income on the excess deferral that is distributed not later than such date shall be treated, for federal income tax purposes, as earned and received by the participant in the taxable year in which the distribution is made.

*Limitations on Annual Additions and Benefits.* Pursuant to the requirements of the Internal Revenue Code, the 401(k) Plan provides that the total amount of all contributions and forfeitures (annual additions) allocated to participants during any plan year may not exceed the lesser of 100% of the participant's compensation for the plan year, or \$45,000. The \$45,000 limit will be increased from time to time to reflect increases in the cost of living. Annual additions for this purpose generally include 401(k) deferrals, matching contributions and employer contributions to this or any other qualified plan sponsored by Home Federal Bancorp or an affiliated entity. Annual additions do not include rollover contributions.

*Limitation on 401(k) and Matching Contributions for Highly Compensated Employees.* Sections 401(k) and 401(m) of the Internal Revenue Code limit the amount of 401(k) contributions and matching contributions that may be made to the 401(k) Plan in any plan year on behalf of highly compensated employees (defined below) in relation to the amount of 401(k) contributions and matching contributions made by or on behalf of all other employees eligible to participate in the 401(k) Plan. Specifically, the percentage of 401(k) contributions made on behalf of a participant who is a highly compensated employee shall be limited so that the average actual deferral percentage for the group of highly compensated employees for the current plan year does not exceed the greater of (i) the average actual deferral percentage for the group of eligible employees who are non-highly compensated employees for the current plan year multiplied by 1.25 or (ii) the average actual deferral percentage for the group of eligible employees who are non-highly compensated employees for the current plan year, multiplied by two (2); provided that the difference in the average actual deferral percentage for eligible non-highly compensated employees does not exceed 2%. Similar discrimination rules apply to matching contributions. The discrimination rules do not apply to 401(k) catch-up contributions.

In general, a highly compensated employee includes any employee who was a 5% owner of the employer at any time during the year or preceding year, or had compensation for the preceding year in excess of \$100,000. The

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dollar amount in the foregoing sentence is for the plan year ending December 31, 2006. This dollar amount may be adjusted to reflect increases in the cost of living.

Contributions allocated to highly compensated employees that exceed the average deferral limitation in any plan year are referred to as excess contributions. In order to prevent the disqualification of the 401(k) Plan, any excess 401(k) contributions, together with any income earned on these excess contributions, must be distributed to the highly compensated employees before the close of the following plan year. Matching contributions that relate to the returned deferral contributions will be forfeited (if not vested) or distributed (if vested) at the same time as the excess deferral contributions are returned. Regarding matching contributions that do not satisfy the limitation tests described above, in order to prevent the disqualification of the 401(k) Plan, any excess matching contributions, together with any income earned on these excess contributions, must be distributed to the highly compensated employees before the close of the following plan year. Excess matching contributions, plus income allocable thereto, will be forfeited (if not vested) or distributed (if vested). There are specific rules for determining which highly compensated employees will be affected by the excess contribution return rules, and the amount of excess 401(k) contributions and matching contributions that must be returned to the affected employees. The employer will be subject to a 10% excise tax on any excess contributions unless the excess contributions, together with any income earned on these excess contributions, are distributed before the close of the first 21/2 months following the plan year to which the excess contributions relate.

*Deduction Limits.* Matching and profit sharing contributions are subject to and limited by Internal Revenue Code deduction rules. Contributions will not be made to the extent they would be considered nondeductible. 401(k) contributions are neither subject to nor limited by the Internal Revenue Code deduction rules.

*Top-Heavy Plan Requirements.* If for any plan year the 401(k) Plan is a top-heavy plan, then minimum contributions may be required to be made to the 401(k) Plan on behalf of non-key employees. Contributions otherwise being made under the Plan may apply to satisfy these requirements.

In general, the 401(k) Plan will be regarded as a top-heavy plan for any plan year if, as of the last day of the preceding plan year, the aggregate balance of the accounts of participants who are key employees exceeds 60% of the aggregate balance of the accounts of all participants. Key employees generally include any employee who, at any time during the plan year, is (1) an officer of Home Federal Bancorp (or, after the conversion, new Home Federal Bancorp) or its subsidiaries having annual compensation in excess of \$145,000 who is in an officer in an administrative or policy-making capacity, (2) a 5% owner of Home Federal Bancorp (i.e., owns directly or indirectly more than 5% of the stock of Home Federal Bancorp (or, after the conversion, new Home Federal Bancorp), or stock possessing more than 5% of the total combined voting power of all stock of Home Federal Bancorp) or (3) a 1% owner of Home Federal Bancorp having annual compensation in excess of \$150,000. The \$145,000 amount (but not the \$150,000 amount) in the foregoing sentence is for 2007, and may be adjusted in the future for cost of living increases.

### **Investment of Contributions**

*Investment Options.* All amounts credited to participants' accounts under the 401(k) Plan are held in trust. The trust is administered by trustees appointed by Home Federal Bank's Board of Directors.

You must instruct the trustee as to how funds held in your account are to be invested. In addition to the Employer Stock Fund, which will consist of shares of new Home Federal Bancorp common stock and cash, participants may elect to instruct the trustee to invest such funds in any or all of the following investment options:

ING VP Money Market Portfolio, Class I - seeks to provide high current return, consistent with preservation of capital and liquidity by investing in high-quality money market instruments.

ING VP Intermediate Bond Portfolio, Class I Fund - seeks to provide as high a level of total return as is consistent with reasonable risk, primarily through investment in a diversified portfolio of investment-grade corporate bonds and debt securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities.

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ING GNMA Income Fund, Class A - seeks to provide income consistent with the preservation of capital through investment in securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities.

ING Fixed Account - seeks to provide stability; guarantees a minimum rate of interest for the life of the contract, and may credit a higher interest rate from time to time.

Templeton Global Bond Fund, Class A - seeks to provide capital appreciation and growth of income.

ING VP Index Plus LargeCap Portfolio - seeks to outperform the total return performance of the Standard & Poor's 500 Composite Index (S&P 500), while maintaining a market level of risk.

Oppenheimer Main Street Fund, Class A - seeks a high total return.

Pioneer Fund, Class A - seeks reasonable income and capital growth.

Fidelity VIP Contrafund Portfolio, Initial Class - seeks long-term capital appreciation.

Fidelity Advisor Mid Cap Fund, Class T - seeks long-term capital growth.

ING VP Index Plus SmallCap Portfolio - seeks to outperform the total return performance of the Standard and Poor's Small-Cap 600 Index (S&P 600), while maintaining a market level of risk.

Lord Abbett Series Fund, Mid-Cap Value Portfolio, Class VC - seeks capital appreciation through investments, primarily in equity securities, which are believed to be undervalued in the marketplace.

ING VP International Value Portfolio, Class I - seeks long-term capital appreciation.

ING American Century Small Cap Value Portfolio, Initial Class - seeks long-term growth of capital; income is a secondary objective.

ING Baron Small Cap Growth Portfolio, Initial Class - seeks capital appreciation.

ING VP Index Plus MidCap Portfolio, Class I - seeks to outperform the total return performance of the Standard & Poor's MidCap 400 Index (S&P 400), while maintaining a market level of risk.

Washington Mutual Investors Fund, Class R3 - seeks to produce income and to provide an opportunity through growth of principal consistent with sound common stock investing.

American Balanced Fund, Class R3 - seeks conservation of capital, current income and long-term growth of capital and income.

ING Solution 2015 Portfolio, Service Class - seeks to provide total return consistent with an asset allocation targeted at retirement in approximately 2015, and thereafter to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement.

ING Solution 2025 Portfolio, Service Class - seeks to provide total return consistent with an asset allocation targeted at retirement in approximately 2025, and thereafter to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement.

ING Solution 2035 Portfolio, Service Class - seeks to provide total return consistent with an asset allocation targeted at retirement in approximately 2035, and thereafter to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement.

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ING Solution 2045 Portfolio, Service Class - seeks to provide total return consistent with an asset allocation targeted at retirement in approximately 2045, and thereafter to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement.

ING Solution Income Portfolio, Service Class - seeks to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement.

ING T. Rose Price Growth Equity/ Alger Amer Growth - seeks long-term capital growth, and secondarily, increasing dividend income.

ING Oppenheimer Global Portfolio, Initial Class - seeks capital appreciation.

For further descriptions of these investment options, you may request a prospectus for each of the investment options from the plan administrator. If no investment direction is given, all contributions to a participant's account will be invested in the Money Market Fund.

The investment in new Home Federal Bancorp common stock involves certain risks. No assurance can be given that units in the Employer Stock Fund (that are comprised primarily of new Home Federal Bancorp common stock) purchased pursuant to the 401(k) Plan will thereafter be able to be sold at a price equal to or in excess of the purchase price. See also Risk Factors in the prospectus.

*New Home Federal Bancorp Common Stock Investment Election Procedures.* You may instruct the trustee to purchase new Home Federal Bancorp common stock by redirecting funds from your existing accounts into the Employer Stock Fund by filing a completed Investment Election Form with the plan administrator on or prior to the election deadline. The amount of funds redirected into the Employer Stock Fund must be allocated in whole dollar increments from investment options containing your 401(k) Plan funds. When you instruct the trustee to redirect the funds in your existing accounts into the Employer Stock Fund in order to purchase units in the Employer Stock Fund, the trustee will liquidate funds from the appropriate investment option(s) and apply such redirected funds as requested, in order to effect the new allocation. Approximately 97% of the elected funds used to acquire units in the Employer Stock Fund will be invested in new Home Federal Bancorp common stock and the remaining 3% will be invested in a money market account.

For example, you may fund an election to purchase \$1,000 worth of the Employee Stock Fund by redirecting the aggregate purchase price of \$1,000 for the shares from the following investment options (provided the necessary funds are available in such Investment Options): (i) \$100 from the ING VP Money Market Fund; (ii) \$300 from the ING VP Intermediate Bond Fund; and (iii) \$600 from the Lord Abbett Mid-Cap Value Portfolio Fund. In such case, the trustee would liquidate the amount instructed from each of the selected accounts and the \$1,000 will be used to acquire 100 Employer Stock Fund units (that is 97 shares of new Home Federal Bancorp stock and \$30 in cash through a money market account investment). If your instructions cannot be fulfilled because you do not have the required funds in one or more of the investment options to purchase the units in the Employer Stock Fund subscribed for, you will be required to file a revised Investment Election Form with the plan administrator by the election deadline. Once received in proper form, an executed election form may not be modified, amended or rescinded without our consent unless the stock offering has not been completed by \_\_\_\_\_.

*Adjusting Your Investment Strategy.* Until changed in accordance with the terms of the 401(k) Plan, future allocations of your contributions would remain unaffected by the election to purchase units in the Employer Stock Fund through the 401(k) Plan in the stock offering. You may modify a prior investment allocation election or request the transfer of funds to another investment vehicle by telephone at 1-800-584-6001 or on the Internet at [www.ingretirementplans.com](http://www.ingretirementplans.com). Modifications and fund transfers relating to the Employer Stock Fund will be permitted on a daily basis, except as limited for certain 401(k) Plan participants as previously indicated.

*Valuation of Accounts.* The 401(k) Plan uses a unit system for valuing each investment fund. Under this system, your share in any investment fund is represented by units. The unit value is determined as of the close of business each regular business day. The total dollar value of your share in any investment fund as of any valuation date is determined by multiplying the number of units held by you by the unit value of the fund on that date. The sum of the values of the funds you select represents the total value of your 401(k) Plan account.

**Financial Data**

*Employer Contributions.* For the plan year ended December 31, 2006, we made matching contributions totaling approximately \$212,323.46 into the 401(k) Plan. No profit sharing contribution was made to the 401(k) Plan for the plan year ended December 31, 2006.

If we adopt other stock-based benefit plans, such as a stock option plan or a restricted stock plan, or if contributions are made to the employee stock ownership plan, formed as part of the conversion and stock offering, to repay a loan used by it to acquire new Home Federal Bancorp stock, then we may decide to reduce our matching contribution and/or our discretionary contribution under the 401(k) Plan in order to reduce overall expenses. If we adopt a restricted stock plan, the plan would not be submitted for stockholder approval for at least six months following completion of the reorganization.

*Performance of new Home Federal Bancorp Common Stock.* It is expected that the new Home Federal Bancorp common stock will be listed on the NASDAQ Global Select Market under the existing symbol HOME. As of the date of this prospectus supplement, no shares of new Home Federal Bancorp common stock have been issued or are outstanding and there is no established market for our common stock. Accordingly, there is no record of the historical performance of new Home Federal Bancorp common stock.

*Performance of Investment Options.* The following table provides performance data with respect to the investment options available under the 401(k) Plan, based on information provided to Home Federal Bancorp by ING.

**The information set forth below with respect to the investment options has been reproduced from materials supplied by ING, which administers the 401(k) Plan and is responsible for providing investment alternatives under the 401(k) Plan other than the Employer Stock Fund. Home Federal Bancorp and Home Federal Bank take no responsibility for the accuracy of such information.**

**Additional information regarding the investment options may be available from ING or Home Federal Bancorp. Participants should review any available additional information regarding these investments before making an investment decision under the 401(k) Plan.**

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The total percentage return for the prior three years is provided for each of the following funds.

### NET INVESTMENT PERFORMANCE

	For the Year Ended December 31,		
	2006	2005	2004
ING VP Money Market Portfolio, Class I	4.05%	2.18%	0.26%
ING VP Intermediate Bond Portfolio, Class I Fund	3.65	2.73	4.46
ING GNMA Income Fund, Class A	4.20	2.40	2.91
ING Fixed Account	3.80	3.80	4.10
Templeton Global Bond Fund, Class A	12.89	(3.60)	13.99
ING VP Index Plus LargeCap Portfolio	14.12	4.96	10.14
Oppenheimer Main Street Fund, Class A	14.28	5.16	8.79
Pioneer Fund, Class A	15.75	5.81	11.02
Fidelity VIP Contrafund Portfolio, Initial Class	10.94	16.12	14.67
Fidelity Advisor Mid Cap Fund, Class T	12.56	7.77	15.42
ING VP Index Plus SmallCap Portfolio	13.37	7.19	21.59
Lord Abbett Series Fund, Mid-Cap Value Portfolio, Class VC	11.45	7.47	23.18
ING VP International Value Portfolio, Class I	28.93	9.00	16.95
ING American Century Small Cap Value Portfolio, Initial Class	15.05	7.52	20.88
ING Baron Small Cap Growth Portfolio, Initial Class	14.85	6.99	27.51
ING VP Index Plus MidCap Portfolio, Class I	9.00	10.69	16.12
Washington Mutual Investors Fund, Class R3	17.37	2.98	9.27
American Balanced Fund, Class R3	11.21	2.62	8.30
ING Solution 2015 Portfolio, Service Class	10.34	NA	NA
ING Solution 2025 Portfolio, Service Class	12.14	NA	NA
ING Solution 2035 Portfolio, Service Class	13.67	NA	NA
ING Solution 2045 Portfolio, Service Class	14.60	NA	NA
ING Solution Income Portfolio, Service Class	6.94	NA	NA
ING T. Rowe Price Growth Equity/ Alger Amer Growth	12.51	5.44	9.25
ING Oppenheimer Global Portfolio, Initial Class	17.27	12.89	14.59

*Each participant should note that past performance is not necessarily an indicator of future results.*

#### **Administration of the 401(k) Plan**

*Trustees.* The trustee is appointed by the Board of Directors of Home Federal to serve at its pleasure. Currently, the 401(k) Plan Trustees are Len E. Williams, Robert A. Schoelkopf and Denis J. Trom. These trustees also serve as the trustees of the Employer Stock Fund.

The trustee receives and holds the contributions to the 401(k) Plan in trust and distributes them to participants and beneficiaries in accordance with the provisions of the 401(k) Plan. The trustee is responsible for following participant direction, effectuating the investment of the assets of the trust in the Employer Stock Fund and the other investment options.

#### **Benefits Under the 401(k) Plan**

*Plan Benefits.* Your 401(k) Plan benefit is based on the value of the vested portion of your 401(k) Plan accounts as of the valuation date next preceding the date of distribution to you.

*Vesting.* You will always have a fully vested (nonforfeitable) interest in your 401(k) contribution account and rollover account. Your matching contribution account and profit sharing contribution account will vest at a rate of 20% for each year of service after you complete two years of service (that is, 100% vested after six years of

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service). Generally, a year of service is a plan year (January 1 to December 31) during which you perform at least 1,000 hours of service for Home Federal Bancorp (or, after the conversion, new Home Federal Bancorp), Home Federal Bank or an affiliated employer. You also will become 100% vested in your matching contribution account and profit sharing contribution account if you are actively employed on your retirement date, death or disability.

### **Withdrawals and Distributions from the 401(k) Plan**

*Withdrawals Prior to Termination of Employment.* You may elect to receive an in-service distribution from your rollover account at any time. You may also receive an in-service distribution if you have a hardship. Whether a hardship has occurred is determined in accordance with Internal Revenue Service rules.

*Distribution Upon Retirement or Disability.* Upon your retirement or disability, you will receive a lump sum payment from the 401(k) Plan.

*Distribution Upon Death.* If you die prior to your benefits being paid from the 401(k) Plan, your benefits will be paid to your surviving spouse or beneficiary in a lump sum payment.

*Distribution Upon Termination for any Other Reason.* If you terminate your employment for any reason other than retirement, disability or death and your vested 401(k) Plan account balances exceed \$5,000, the trustee will make your distribution on your normal retirement date, unless you request an earlier or later distribution date. Your vested 401(k) Plan accounts will be distributed in a lump sum payment. If your vested account balances do not exceed \$5,000, the trustee will generally distribute your benefits to you as soon as administratively practicable in a lump sum following your termination of employment.

*Form of Distribution.* Distributions from the 401(k) Plan will generally be in the form of cash. However, you have the right to request that your distribution from the Employer Stock Fund be in the form of new Home Federal Bancorp common stock.

*Nonalienation of Benefits.* Except with respect to federal income tax withholding and as provided with respect to a qualified domestic relations order, benefits payable under the 401(k) Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any rights to benefits payable under the 401(k) Plan shall be void.

### **Reports to 401(k) Plan Participants**

As soon as practicable after the end of each calendar quarter, the plan administrator will furnish to each participant a statement showing (i) balances in the participant's accounts as of the end of that period, (ii) the amount of contributions allocated to his or her accounts for that period, and (iii) the number of units in each of the funds. Participants may also access information regarding their 401(k) Plan Accounts by using internet access made available by ING, the plan investment manager.

### **Amendment and Termination**

We intend to continue to participate in the 401(k) Plan. Nevertheless, we may amend or terminate the 401(k) Plan at any time. If the 401(k) Plan is terminated in whole or in part, then, regardless of other provisions in the 401(k) Plan, each participant affected by the termination shall become fully vested in all of his or her accounts.

### **Federal Income Tax Consequences**

The following is a brief summary of the material federal income tax aspects of the 401(k) Plan. You should not rely on this summary as a complete or definitive description of the material federal income tax consequences relating to the 401(k) Plan. Statutory provisions change, as do their interpretations, and their application may vary in individual circumstances. Finally, the consequences under applicable state and local income tax laws may not be the same as under the federal income tax laws. Please consult your tax advisor with respect to any distribution from the 401(k) Plan and transactions involving the 401(k) Plan.



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As a tax-qualified retirement plan, the Internal Revenue Code affords the 401(k) Plan special tax treatment, including:

the sponsoring employer is allowed an immediate tax deduction for the amount contributed to the 401(k) Plan each year;

participants pay no current income tax on amounts contributed by the employer on their behalf; and

earnings of the 401(k) Plan are tax-deferred, thereby permitting the tax-free accumulation of income and gains on investments.

We will administer the 401(k) Plan to comply with the requirements of the Internal Revenue Code as of the applicable effective date of any change in the law.

*Taxation of Distributions.* Generally, 401(k) Plan distributions are taxable as ordinary income for federal income tax purposes.

*Common Stock Included in a Lump Sum Distribution.* If a lump sum distribution includes common stock, and the lump sum distribution is not rolled over or directly transferred to an IRA, as discussed below, the distribution generally will be taxed in the manner described above, except that the total taxable amount will be reduced by the amount of any net unrealized appreciation with respect to the common stock. Net unrealized appreciation is the excess of the value of the common stock at the time of the distribution over its cost or other basis to the trust. The tax basis of the common stock for purposes of computing gain or loss on its subsequent sale equals the value of the common stock at the time of distribution less the amount of net unrealized appreciation. Any gain on a subsequent sale or other taxable disposition of the common stock up to the amount of net unrealized appreciation at the time of distribution will be considered long-term capital gain regardless of the holding period of the common stock. Any gain on a subsequent sale or other taxable disposition of the common stock in excess of the amount of net unrealized appreciation at the time of distribution will be considered either short-term or long-term capital gain depending upon the length of the holding period of the common stock. The recipient of a distribution may elect to include the amount of any net unrealized appreciation in the total taxable amount of the distribution to the extent allowed by the regulations issued by the Internal Revenue Service.

*Rollovers and Direct Transfers to Another Qualified Plan or to an IRA; Mandatory Tax Withholding.* Except as discussed below, you may roll over virtually all distributions from the 401(k) Plan to another tax-favored plan or to a standard IRA without regard to whether the distribution is a lump sum distribution or a partial distribution. You have the right to elect to have the trustee transfer all or any portion of an eligible rollover distribution directly to another qualified retirement plan (subject to the provisions of the recipient qualified plan) or to an IRA. If you do not elect to have an eligible rollover distribution transferred directly to another qualified plan or to an IRA, the distribution will be subject to a mandatory federal withholding tax equal to 20% of the taxable distribution. Your state may also impose tax withholding on your taxable distribution. An eligible rollover distribution means any amount distributed from the 401(k) Plan except: (1) a distribution that is (a) one of a series of substantially equal periodic payments (not less frequently than annually) made for your life (or life expectancy) or the joint lives of you and your designated beneficiary or (b) for a specified period of ten years or more; (2) any amount required to be distributed under the minimum distribution rules; and (3) any other distributions excepted under applicable federal law. If you elect to rollover or directly transfer common stock, you may not take advantage of the favorable net unrealized appreciation that applies to common stock, discussed above.

*Ten-Year Averaging Rules.* Under a special grandfather rule, if you have completed at least five years of participation in the 401(k) Plan before the taxable year in which the distribution is made, and you turned age 50 by 1986, you may elect to have your lump sum distribution taxed using a ten-year averaging rule. The election of the special averaging rule applies only to one lump sum distribution you or your beneficiary receive, provided such amount is received on or after you attain age 59½ and you elect to have any other lump sum distribution from a qualified plan received in the same taxable year taxed under the ten-year averaging rule or receive a lump sum distribution on account of your death.

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*Additional Tax on Early Distributions.* A participant who receives a distribution from the 401(k) Plan prior to attaining age 59½ will be subject to an additional income tax equal to 10% of the amount of the distribution. The 10% additional income tax will not apply, however, in certain cases, including (but not limited) to distributions rolled over or directly transferred into an IRA or another qualified plan, or the distribution is (i) made to a beneficiary (or to the estate of a participant) on or after the death of the participant, (ii) attributable to the participant's being disabled within the meaning of Section 72(m)(7) of the Internal Revenue Code, (iii) part of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the participant or the joint lives (or joint life expectancies) of the participant and his beneficiary, (iv) made to the participant after separation from service under the 401(k) Plan after attainment of age 55, (v) made to pay medical expenses to the extent deductible for federal income tax purposes, (vi) pursuant to a qualified domestic relations order or (vii) made to effect the distribution of excess contributions or excess deferrals.

*This is a brief description of federal income tax aspects of the 401(k) Plan which are of general application under the Internal Revenue Code. It is not intended to be a complete or definitive description of the federal income tax consequences of participating in or receiving distributions from the 401(k) Plan. Accordingly, you are urged to consult a tax advisor concerning the federal, state and local tax consequences that may be particular to you of participating in and receiving distributions from the 401(k) Plan.*

### **ERISA and Other Qualification**

The 401(k) Plan is subject to certain provisions of the Employee Retirement Income Security Act of 1974, the primary federal law governing retirement plans, and is intended to be a qualified retirement plan under the Internal Revenue Code.

### **Restrictions on Resale**

Any person receiving shares of new Home Federal Bancorp common stock under the 401(k) Plan who is an affiliate of new Home Federal Bancorp or Home Federal Bank as the term affiliate is used in Rules 144 and 405 under the Securities Act of 1933 (e.g., directors, officers and significant stockholders of new Home Federal Bancorp and Home Federal Bank) may re-offer or resell such shares only pursuant to a registration statement or, assuming the availability thereof, pursuant to Rule 144 or some other exemption from the registration requirements of the Securities Act of 1933. Any person who may be an affiliate of new Home Federal Bancorp may wish to consult with counsel before transferring any new Home Federal Bancorp common stock owned by him or her. In addition, participants are advised to consult with counsel as to the applicability of Section 16 of the Securities Exchange Act of 1934 which may restrict the sale of new Home Federal Bancorp common stock acquired under the 401(k) Plan, or other sales of new Home Federal Bancorp common stock.

### **Securities and Exchange Commission Reporting and Short-Swing Profit Liability**

Section 16 of the Securities Exchange Act of 1934 imposes reporting and liability requirements on officers, directors and persons beneficially owning more than 10% of public companies such as new Home Federal Bancorp. Section 16(a) of the Securities Exchange Act of 1934 requires the filing of reports of beneficial ownership. Within ten days of becoming a person subject to the reporting requirements of Section 16(a), a Form 3 reporting initial beneficial ownership must be filed with the Securities and Exchange Commission. Certain changes in beneficial ownership, such as purchases, sales and participation in savings and retirement plans must be reported on a Form 4 within two business days of when a change occurs. Certain other changes in beneficial ownership, such as gifts and inheritances, may be reported on a Form 4 or annually on a Form 5 within 45 days after the close of our fiscal year. Participation in the Employer Stock Fund of the 401(k) Plan by our officers, directors and persons beneficially owning more than 10% of the outstanding new Home Federal Bancorp common stock must be reported to the Securities and Exchange Commission at least annually on a Form 4 or Form 5 by such individuals.

Section 16(b) of the Securities Exchange Act of 1934 provides for the recovery by us of any profits realized by an officer, director or any person beneficially owning more than 10% of the new Home Federal Bancorp common stock resulting from the purchase and sale or sale and purchase of new Home Federal Bancorp common stock within any six-month period. The Securities and Exchange Commission rules provide an exemption from the profit recovery provisions of Section 16(b) for certain transactions within an employee benefit plan, such as the 401(k)

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Plan, provided certain requirements are met. If you are subject to Section 16, you should consult with counsel regarding the applicability of Section 16 to specific transactions involving the 401(k) Plan.

### **LEGAL OPINIONS**

The validity of the issuance of new Home Federal Bancorp common stock will be passed upon by Breyer & Associates PC, McLean, Virginia, which firm acted as special counsel for Home Federal MHC, Home Federal Bancorp, new Home Federal Bancorp and Home Federal Bank in connection with the conversion and stock offering.

**INVESTMENT ELECTION FORM**

**PARTICIPANT ELECTION TO INVEST IN  
NEW HOME FEDERAL BANCORP, INC. COMMON STOCK  
( EMPLOYER STOCK FUND )**

**Home Federal Bank s 401(k) Plan**

**If you would like to participate in the stock offering using amounts currently in your account in the Home Federal Bank s 401(k) Plan, please complete this form and return it to Denis Trom, 500 12<sup>th</sup> Avenue South, Nampa, Idaho 83651, by no later than 12:00 Noon, Mountain time, on\_\_\_\_\_.**

Participant s Name (Please Print): \_\_\_\_\_

Address: \_\_\_\_\_  
Street City State Zip Code

Social Security Number: \_\_\_\_\_  
\_\_\_\_\_

**1. Background Information**

New Home Federal Bancorp, Inc. ( New Home Federal Bancorp ) will be issuing shares of common stock, par value \$0.01 per share, to certain eligible depositors and borrowers of Home Federal Bank and the public in connection with the conversion of Home Federal MHC from the mutual to stock form of organization.

Participants in the Home Federal Bank s 401(k) Plan (the 401(k) Plan ) are being given an opportunity to direct the trustee of the 401(k) Plan to purchase new Home Federal Bancorp common stock in the offering with amounts currently in their 401(k) Plan account by acquiring units of the Employer Stock Fund, an investment fund under the 401(k) Plan comprised of new Home Federal Bancorp common stock and cash. (Employees who would like to directly purchase shares of new Home Federal Bancorp common stock in the offering with funds other than amounts currently in their 401(k) Plan account may do so by completing the order form that accompanies the prospectus.) Units of the Employer Stock Fund will be valued in the stock offering at \$10.00 per unit. Of this amount, \$9.70 will be used to acquire 0.97 of one share of new Home Federal Bancorp common stock, and \$.30 will be used to acquire cash, through an interest in a money market account. Participants are also being given the opportunity, after the stock offering, to direct future contributions under the 401(k) Plan to the Employer Stock Fund. Approximately 97% of the amounts used to acquire units in the Employer Stock Fund will be invested in new Home Federal Bancorp common stock and the remaining 3% will be invested in cash.

Because it is actually the 401(k) Plan that purchases the new Home Federal Bancorp common stock, participants would acquire a participation interest (expressed as units of the Employer Stock Fund) in the shares and cash and would not own the shares and cash directly.

Prior to making a decision to direct the trustee to purchase units in the Employer Stock Fund, we strongly urge you to carefully review the prospectus and the prospectus supplement that accompany this Investment Election Form. Your decision to direct the transfer of amounts credited to your account balances to the Employer Stock Fund in order to purchase shares of new Home Federal Bancorp common stock in connection with the stock offering is irrevocable. Notwithstanding this irrevocability, participants may transfer out some or all of their units in the Employer Stock Fund, if any, and into one or more of the 401(k) Plan s other investment funds at such times as are provided for under the 401(k) Plan s rules for such transfers.

*Investing in any stock entails some risks and we encourage you to discuss your investment decision with your investment advisor before completing this form. Neither the trustee, the plan administrator, nor any employee of Home Federal MHC, Home Federal Bancorp or Home Federal Bank is authorized to make any representations about this investment. You should not rely on any information other than information contained in the prospectus and the prospectus supplement in making your investment decision.*

Any shares purchased by the 401(k) Plan based on your election will be subject to the conditions and restrictions otherwise applicable to new Home Federal Bancorp common stock purchased directly by you in the stock offering. These restrictions are described in the prospectus and the prospectus supplement.

**2. Investment Elections**

If you would like to participate in the stock offering with amounts currently in your 401(k) Plan account, please complete the table below, indicating what amount of each of your current funds you would like to transfer into the Employer Stock Fund. If the trustee is unable to use the total amount that you elect in the box below to have transferred into the Employer Stock Fund to purchase new Home Federal Bancorp common stock and cash due to an oversubscription in the stock offering, the amount that is not invested in the Employer Stock Fund will be reallocated on a pro-rata basis among your other 401(k) Plan fund investments. If you elect in the box below to have 100% of your current 401(k) Plan funds transferred into the Employer Stock Fund and the offering is oversubscribed, the amount that is not invested in the Employer Stock Fund will be invested in the money market account.

*Indicate the amount to be transferred from one or more of the following funds into the Employer Stock Fund:*

<b>Amount</b>	<b>From Fund</b>
\$ _____ .00	ING VP Money Market Portfolio, Class I
\$ _____ .00	ING VP Intermediate Bond Portfolio, Class I Fund
\$ _____ .00	ING GNMA Income Fund, Class A
\$ _____ .00	ING Fixed Account
\$ _____ .00	Templeton Global Bond Fund, Class A
\$ _____ .00	ING VP Index Plus LargeCap Portfolio
\$ _____ .00	Oppenheimer Main Street Fund, Class A
\$ _____ .00	Pioneer Fund, Class A
\$ _____ .00	Fidelity VIP Contrafund Portfolio, Initial Class
\$ _____ .00	Fidelity Advisor Mid Cap Fund, Class T
\$ _____ .00	ING VP Index Plus SmallCap Portfolio
\$ _____ .00	Lord Abbett Series Fund, Mid-Cap Value Portfolio, Class VC
\$ _____ .00	ING VP International Value Portfolio, Class I
\$ _____ .00	ING American Century Small Cap Value Portfolio, Initial Class
\$ _____ .00	ING Baron Small Cap Growth Portfolio, Initial Class
\$ _____ .00	ING VP Index Plus MidCap Portfolio, Class I
\$ _____ .00	Washington Mutual Investors Fund, Class R3
\$ _____ .00	American Balanced Fund, Class R3
\$ _____ .00	ING Solution 2015 Portfolio, Service Class
\$ _____ .00	ING Solution 2025 Portfolio, Service Class
\$ _____ .00	ING Solution 2035 Portfolio, Service Class
\$ _____ .00	ING Solution 2045 Portfolio, Service Class
\$ _____ .00	ING Solution Income Portfolio, Service Class
\$ _____ .00	ING T. Rose Price Growth Equity/Alger Amer Growth
\$ _____ .00	ING Oppenheimer Global Portfolio, Initial Class

**Note: If you do not complete this election, you will not participate in the offering by using your 401(k) Plan funds.**

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3. **Purchaser Information.** The ability of participants in the Plan to purchase common stock in the stock offering and to direct their current account balances into the Employer Stock Fund is based upon the participant's status as an eligible account holder, supplemental eligible account holder or other member. Please indicate your status.

- A.  Eligible Account Holder - Check here if you were a depositor with \$50.00 or more on deposit with Home Federal Bank as of March 31, 2006.
- B.  Supplemental Eligible Account Holder - Check here if you were a depositor with \$50.00 or more on deposit with Home Federal Bank as of September 30, 2007, but are not an eligible account holder.
- C.  Other Member - Check here if you were a depositor of Home Federal Bank as of \_\_\_\_\_, 2007 or a borrower as of March 16, 2004, respectively, but are not an eligible account holder or supplemental eligible account holder.

Account Title (Names on Accounts)	Account Number

4. **Participant Signature and Acknowledgment - Required**

By signing this investment election form, I authorize and direct the plan administrator and trustee to carry out my instructions. I acknowledge that I have been provided with and have received a copy of the prospectus and prospectus supplement relating to the issuance of new Home Federal Bancorp common stock that accompany this investment election form. I am aware of the risks involved in investing in new Home Federal Bancorp common stock and understand that the trustee, plan administrator and any employee of Home Federal Bancorp or Home Federal are not responsible for my choice of investment. I understand that my failure to sign this acknowledgment will make this investment election form null and void.

I ACKNOWLEDGE THAT THE SHARES OF COMMON STOCK, \$.01 PAR VALUE PER SHARE, OF NEW HOME FEDERAL BANCORP, INC. ARE NOT DEPOSITS OR AN ACCOUNT AND ARE NOT FEDERALLY INSURED OR GUARANTEED BY HOME FEDERAL BANK, HOME FEDERAL BANCORP, INC., NEW HOME FEDERAL BANCORP, INC., OR BY THE FEDERAL GOVERNMENT.

If anyone asserts that the shares of New Home Federal Bancorp common stock are federally insured or guarantee, or are as safe as an insured deposit, I should call the Office of Thrift Supervision Regional Director, \_\_\_\_\_, at \_\_\_\_\_.

*Participant's Signature:* \_\_\_\_\_ *Date Signed:* \_\_\_\_\_

**This form must be completed and returned to Denis Trom,  
500 12<sup>th</sup> Avenue South, Nampa, Idaho 83651,  
by no later than  
12:00 Noon, Mountain time, on \_\_\_\_\_.**

**PROSPECTUS**

**Up to 13,800,000 Shares of Common Stock**

(Subject to increase to up to 15,870,000 shares)

**HOME FEDERAL BANCORP, INC.**  
(Proposed Holding Company for Home Federal Bank)

New Home Federal Bancorp, Inc., is a newly formed Maryland corporation, that is offering up to 13,800,000 shares of its common stock to the public in connection with the conversion of Home Federal MHC from the mutual to the stock form of organization. As part of the conversion, Home Federal Bank will become our wholly-owned subsidiary. We may increase the maximum number of shares that we sell in the offering by up to 15%, to 15,870,000 shares, as a result of the demand for shares or changes in market and financial conditions. The shares being offered represent the 58.9% ownership interest in Home Federal Bancorp, Inc. now owned by Home Federal MHC, its mutual holding company parent. Home Federal Bancorp, a Federal corporation, currently is the mid-tier holding company of Home Federal Bank and will cease to exist upon completion of the conversion. The remaining 41.1% ownership interest in Home Federal Bancorp is owned by the public and will be exchanged for shares of new Home Federal Bancorp common stock. If you are now a stockholder of Home Federal Bancorp, your shares will be canceled and exchanged for shares of new Home Federal Bancorp. The number of shares you will receive will be based on an exchange ratio that will depend upon the number of new shares we sell in this offering. All shares of common stock being offered for sale will be sold at a price of \$10.00 per share.

If you are a current or former depositor of Home Federal Bank as of the eligibility record dates, you may have priority rights to purchase shares in the subscription offering, if (1) you had at least \$50.00 on deposit at Home Federal Bank at the close of business on March 31, 2006; (2) you had at least \$50.00 on deposit at Home Federal Bank at the closed of business on September 30, 2007; or (3) you were a depositor or borrower of Home Federal Bank on \_\_\_\_\_, 2007 and March 15, 2004, respectively.

If you are a current stockholder of Home Federal Bancorp, your shares will be exchanged automatically for between 7,103,110 and 9,610,090 new shares of new Home Federal Bancorp, or up to 11,051,604 shares in the event the maximum of the offering range is increased by 15%.

If you are not a depositor, but are interested in purchasing shares of our common stock, you may be able to purchase shares of our common stock in the community offering and/or a syndicated community offering (collectively referred to as the offering) to the extent shares remain available after priority orders are filled.

In order to complete the offering, we must sell, in the aggregate, at least 10,200,000 shares. The minimum purchase is 25 shares. The subscription offering is scheduled to end at 12:00 Noon, Mountain time, on \_\_\_\_\_, 2007. However, we may extend this expiration date without notice to you, until \_\_\_\_\_, 2008, unless the Office of Thrift Supervision approves a later date, which may not be extended beyond \_\_\_\_\_, 2009. Once submitted, orders are irrevocable unless the offering is terminated or extended beyond \_\_\_\_\_, 2008. If the offering is extended beyond \_\_\_\_\_, 2008, subscribers will have the right to modify or rescind their purchase orders. In the event this occurs, or there is a change in the offering range, we will resolicit purchasers and you will have the opportunity to maintain, change or cancel your order. If you do not provide us with a written indication of your intent after you receive the resolicitation materials, your order will be cancelled and your funds will be returned to you, with interest. New Home Federal Bancorp will hold all subscribers' funds received before the completion of the conversion in a segregated account at Home Federal Bank or, at our discretion, at an independent insured depository institution until the conversion is completed or terminated. We will pay interest on all funds received at a rate equal to Home Federal Bank's passbook/statement savings rate, which is currently 0.20% per annum. Funds will be returned promptly with interest if the conversion is terminated.

Home Federal Bancorp's common stock is currently listed on the Nasdaq Global Market under the symbol HOME. We have applied to have the common stock of new Home Federal Bancorp listed for trading on the Nasdaq Global Select Market. For the first 20 trading days after the conversion and offering is completed, we expect new Home Federal Bancorp common stock to trade under the symbol HOMED, thereafter it will revert to the HOME trading symbol. We cannot assure you that our common stock will be approved for listing on the Nasdaq Global Select Market.

Investing in our common stock involves risks. See Risk Factors beginning on page 1.

**OFFERING SUMMARY**

Price Per Share: \$10.00; Minimum Subscription: 25 shares or \$250

Minimum	Maximum	Maximum, as adjusted (1)
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Number of Shares	10,200,000	13,800,000	15,870,000
Gross Offering Proceeds	\$102,000,000	\$138,000,000	\$158,700,000
Underwriting Commission	3,228,000	4,370,000	5,026,000
Other Expenses	1,243,000	1,243,000	1,243,000
Net Proceeds to Home Federal Bancorp, Inc.	97,529,000	132,387,000	152,431,000
Net Proceeds Per Share	9.56	9.59	9.61

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- (1) For information regarding underwriting compensation to be paid to Keefe, Bruyette & Woods, including the assumptions regarding the number of shares sold in the offering that we used to determine the estimated offering expenses, see Pro Forma Data and The Conversion and Stock Offering Marketing Arrangements.

Keefe, Bruyette & Woods will use its best efforts to assist us in our selling efforts, but is not required to purchase any of the common stock that is being offered for sale. Subscribers will not pay any commissions to purchase shares of common stock in the offering.

*These securities are not deposits or accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Neither the Securities and Exchange Commission, the Office of Thrift Supervision, nor any other federal agency or state securities regulator has approved or disapproved these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.*

For information on how to subscribe, call the stock information center at (208) \_\_\_-\_\_\_.

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**KEEFE, BRUYETTE & WOODS**

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\_\_\_\_\_, 2007

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**SUMMARY**

*This summary provides an overview of the key aspects of the stock offering as described in more detail elsewhere in this prospectus and may not contain all the information that is important to you. To completely understand the stock offering, you should read the entire prospectus carefully, including the sections entitled Risk Factors and The Conversion and Stock Offering and the consolidated financial statements and the notes to the consolidated financial statements beginning on page F-1, before making a decision to invest in our common stock.*

**Overview**

New Home Federal Bancorp, is a newly formed Maryland corporation. New Home Federal Bancorp is conducting this offering of between 10,200,000 and 13,800,000 shares of common stock in connection with the conversion of Home Federal MHC from the mutual to the stock form of organization. The shares of new Home Federal Bancorp to be sold represent the 58.9% ownership interest in the mid-tier holding company, Home Federal Bancorp now owned by Home Federal MHC. This ownership interest is being sold to raise additional capital to support the operational growth of Home Federal Bank. The remaining 41.1% ownership interest in Home Federal Bancorp is owned by the public and will be exchanged for shares of new Home Federal Bancorp common stock. In this exchange, each publicly held share of Home Federal Bancorp common stock will, on the date of completion of the conversion, be automatically converted into and become the right to receive a number of shares of common stock of new Home Federal Bancorp determined pursuant to an exchange ratio. The current public stockholders of Home Federal Bancorp common stock will own the same percentage of common stock in new Home Federal Bancorp after the conversion as they hold in Home Federal Bancorp subject to additional purchases, or the receipt of cash in lieu of fractional shares. The actual number of shares a current stockholder of Home Federal Bancorp receives pursuant to the exchange ratio will therefore depend on the number of shares we sell in our offering, which in turn will depend on the final appraised value of new Home Federal Bancorp. We may increase the maximum number of shares that we sell in the offering by up to 15% to 15,870,000 shares, as a result of the demand for shares or changes in market and financial conditions. The offering includes a subscription offering in which certain persons, including depositors of Home Federal Bank, have prioritized subscription rights. There are limitations on how many shares of common stock a person may purchase in the offering. The amount of capital being raised is based on an appraisal of Home Federal Bancorp. Most of the terms and requirements of this offering are required by regulations of the Office of Thrift Supervision. The same directors and certain officers who manage Home Federal Bancorp will manage new Home Federal Bancorp.

The following tables show how many shares of common stock that may be issued in the offering, and subsequently issued if our new proposed stock benefit plans are adopted.

	Shares to be sold to the public in this offering		Shares to be sold to the employee stock ownership plan (2)		Shares proposed to be sold to directors and officers		Exchange shares		Total shares of common stock to be outstanding after the conversion	
	Amount	%(1)	Amount	%(1)	Amount	%(1)	Amount	%(1)	Amount	%(1)
Minimum	9,321,500	53.9%	816,000	4.7%	62,500	0.3%	7,103,110	41.1%	17,303,110	100.0%
Midpoint	10,977,500	53.9	960,000	4.7	62,500	0.3	8,356,600	41.1	20,356,600	100.0
Maximum	12,633,500	53.9	1,104,000	4.7	62,500	0.3	9,610,090	41.1	23,410,090	100.0
Maximum, as adjusted	14,537,900	54.0	1,269,600	4.7	62,500	0.2	11,051,604	41.1	26,921,604	100.0

	Shares that may be awarded under a restricted stock plan		Shares that may be issued under a stock option plan	
	Amount	%(1)	Amount	%(1)
Minimum	353,510	2.0%	883,776	5.1%
Midpoint	415,894	2.0	1,039,736	5.1
Maximum	478,278	2.0	1,195,696	5.1
Maximum, as adjusted	550,020	2.0	1,375,051	5.1

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- (1) As a percentage of total shares outstanding after the offering.
- (2) Assumes 8% of the shares sold in the conversion are sold to the employee stock ownership plan in the offering.
- Dollar amounts in this prospectus are consolidated and refer to Home Federal Bancorp and subsidiary unless otherwise indicated.

**The Companies:**

**Home Federal Bancorp, Inc. (new)**

500 12th Avenue South  
Nampa, Idaho 83651  
(208) 466-4634

New Home Federal Bancorp is a newly formed Maryland corporation that will hold all of the outstanding shares of Home Federal Bank following the conversion to stock ownership. New Home Federal Bancorp is conducting the stock offering in connection with the conversion of Home Federal MHC from the mutual to the stock form of organization. Following the completion of the offering, new Home Federal Bancorp will be the savings and loan holding company of Home Federal Bank and its primary regulator will be the Office of Thrift Supervision.

**Home Federal MHC**

500 12th Avenue South  
Nampa, Idaho 83651  
(208) 466-4634

Home Federal MHC is a federally chartered mutual holding company that owns 58.9% of the outstanding common stock of Home Federal Bancorp. Home Federal MHC was formed in 2004 in connection with the reorganization of Home Federal Bank into the mutual holding company form of organization. Home Federal MHC is a savings and loan holding company and its business is to own at least a majority of Home Federal Bancorp's outstanding shares of common stock. Following the conversion, Home Federal MHC will cease to exist as a separate entity; it will be replaced by new Home Federal Bancorp.

**Home Federal Bancorp, Inc.**

500 12th Avenue South  
Nampa, Idaho 83651  
(208) 466-4634

Home Federal Bancorp, Inc. is a federal corporation and a mid-tier holding company that owns 100% of Home Federal Bank. It was formed in 2004 in connection with the reorganization of Home Federal Bank into the mutual holding company form of organization. Effective with the reorganization, it became a stock holding company and the 58.9% owned subsidiary of Home Federal MHC, a federally chartered mutual holding company.

Home Federal Bancorp conducts its business as a savings and loan holding company and has no significant liabilities. Its primary business consists of directing, planning and coordinating the business activities of Home Federal Bank.

**Home Federal Bank**

500 12th Avenue South  
Nampa, Idaho 83651  
(208) 466-4634

Home Federal Bank was founded in 1920 as a building and loan association and reorganized as a federal mutual savings and loan association in 1936. We are a community-based financial institution primarily serving the Boise, Idaho and surrounding metropolitan area known as the Treasure Valley region of southwestern Idaho, including Ada, Canyon, Elmore and Gem counties. We conduct our operations through our 15 full-service banking offices, and two loan centers. Included in our 15 full-service banking offices are six Wal-Mart in-store branch locations. We are in the business of attracting deposits from the public and utilizing those deposits to originate loans. We offer a wide range of loan products to meet the demands of our customers. Historically, lending activities have been primarily directed toward the origination of residential and commercial real estate loans. Real estate lending activities have been primarily focused on first mortgages on owner occupied, one- to four-family residential properties. To an increasing extent in recent years, lending activities have also included the origination of residential

and commercial construction and land development loans and home equity loans. While continuing our commitment to residential lending, management expects commercial lending, including commercial real estate, builder finance and commercial business lending, to become increasingly important activities for us. Consistent with this strategy, we appointed Mr. Len E. Williams as President of Home Federal Bank in September 2006 and to Home Federal Bancorp's board of directors in April 2007. Mr. Williams has extensive experience in business related lending. Before starting his tenure with us, Mr. Williams served as Senior Vice President and Head of Business Banking of Fifth Third Bank and held several management positions with Key Bank, including President of Business Banking from 2003 to 2005. We expect him to succeed Mr. Daniel L. Stevens, Home Federal Bancorp's Chairman, President and Chief Executive Officer, as President and Chief Executive Officer of new Home Federal Bancorp, and to become Chief Executive Officer of Home Federal Bank in October 2008. See Business of Home Federal Bancorp, Inc. and Home Federal Bank Lending Activities.

At June 30, 2007, we had total assets of \$728.3 million, deposit accounts of \$418.7 million and equity of \$110.0 million. Home Federal Bank maintains a website at [www.myhomefed.com](http://www.myhomefed.com).

### **Operating Lines**

The following reflects our management structure and responsibilities of each of our operating lines before and after the conversion:

## Operating Strategy

Our strategies center on our continued development into a full service, community-oriented bank. Our goal is to continue to enhance our franchise value and earnings through controlled growth in our banking operations, especially small business lending, while maintaining the community-oriented customer service and sales focus that has characterized our success to date. In order to be successful in this objective and increase stockholder value, we are committed to the following strategies:

*Continue Growing in Our Existing Markets.* We believe there is a large customer base in our market that is dissatisfied with the service received from larger regional banks. By offering quicker decision making in the delivery of banking products and services, offering customized products where appropriate, and providing customer access to our senior managers, we hope to distinguish ourselves from larger, regional banks operating in our market areas. Our larger capital base resulting from this offering and our plans to diversify our product mix should allow us to compete effectively against smaller banks.

*Continue Our Disciplined Execution.* We believe our success as a banking organization depends on a disciplined approach to originating loans and monitoring the performance of our loan portfolio. Despite our growth, we have consistently maintained strong asset quality. We believe our strong asset quality is the result of our underwriting standards, experienced loan officers and the strength of the local economy. We do not originate subprime mortgage loans and currently hold no such loans in our portfolio or service any of these loans. In addition, many of the commercial loans we originate are to borrowers well known by our loan officers from existing and prior banking relationships. At June 30, 2007, our nonperforming assets as a percentage of total assets were 0.07% and for the nine months ended June 30, 2007 our ratio of net charge-offs to average loans was 0.02%. Our year-end (September 30) nonperforming assets as a percentage of total assets and ratio of net charge-offs to average loans have not exceeded 0.17% and 0.10%, respectively, in any of the past five years.

*Expanding Our Product Offerings.* We intend to continue our emphasis on originating commercial lending products that diversify our loan portfolio by increasing the percentage of our assets consisting of higher-yielding construction and land development, commercial real estate and commercial business loans with higher risk-adjusted returns, shorter maturities and more sensitivity to interest rate fluctuations, while still providing high quality loan products for single-family residential borrowers. We also intend to selectively add products to provide diversification of revenue sources and to capture our customer's full relationship. We intend to continue to expand our business by cross selling our loan and deposit products and services to our customers in order to increase our fee income.

*Focus on Our Branch Expansion.* Branch expansion has played a significant role in our ability to grow loans, deposits and customer relationships. Since August 2000 we have opened eight branches in our existing markets. We are planning four to six new branches that we intend to open within the next 24 months. There is currently one new branch under construction in Nampa, Idaho and plans are being finalized for the construction of a new branch office in the Meridian, Idaho market in 2008. Our long-term strategy is to build two or three branches per year if appropriate sites can be identified and obtained. We will also actively search for appropriate acquisitions to enhance our ability to deliver products and services in our existing markets and to expand into surrounding markets. However, there are currently no specific acquisitions under consideration.

*Increasing Our Core Transaction Deposits.* A fundamental part of our overall strategy is to improve both the level and the mix of deposits that serve as a funding base for asset growth. By growing demand deposit accounts and other transaction accounts, we intend to reduce our reliance on higher-cost certificates of deposit and borrowings such as advances from the Federal Home Loan Bank of Seattle. In order to expand our core deposit franchise, we are focusing on introducing additional products and services to obtain money market and time deposits by bundling them with other consumer services. Business deposits are being pursued by the introduction of cash management products and by specific targeting of small business customers.



*Hire Experienced Employees With a Customer Service Focus.* Our ability to continue to attract and retain banking professionals with strong business banking and service skills, community relationships and significant knowledge of our markets is key to our success. We believe that by focusing on experienced bankers who are established in their communities, we enhance our market position and add profitable growth opportunities. We emphasize to our employees the importance of delivering exemplary customer service and seeking opportunities to build further relationships with our customers. Our goal is to compete by relying on the strength of our customer service and relationship banking approach.

*Continuing an internal management culture which is driven by a focus on profitability, productivity and accountability for results and which responds proactively to the challenge of change.* The primary method for reinforcing our culture is the comprehensive application of our Pay for Performance total compensation program. Every employee has clearly defined accountabilities and performance standards that tie directly or indirectly to our profitability. All incentive compensation is based on specific profitability measures, sales volume goals or a combination of specific profitability measures and individual performance goals. This approach encourages all employees to focus on our profitability and has created an environment that embraces new products, services and delivery systems.

### **The Conversion and Stock Offering**

Home Federal MHC is currently in the mutual form of ownership. Our depositors and certain borrowers as members have the right to vote on certain matters, such as the conversion. The conversion is a series of transactions by which we are reorganizing from a mutual holding company structure, where the mid-tier holding company, Home Federal Bancorp, is 58.9% owned by a mutual holding company, Home Federal MHC, and 41.1% owned by other stockholders (who are sometimes referred to as the public stockholders), to a stock holding company which will be 100% owned by public stockholders. As part of the conversion, Home Federal Bancorp and Home Federal MHC will cease to exist as separate entities, and Home Federal Bank will be owned directly by new Home Federal Bancorp. Voting rights in new Home Federal Bancorp will be vested solely in the public stockholders following the conversion.

As a result of the conversion of Home Federal MHC into new Home Federal Bancorp, the shares of common stock of the mid-tier holding company, Home Federal Bancorp, owned by Home Federal MHC will be cancelled. New shares of common stock, representing the 58.9% ownership interest of Home Federal MHC in the mid-tier holding company, Home Federal Bancorp, are being offered for sale by new Home Federal Bancorp in this offering. The remaining 41.1% ownership interest in Home Federal Bancorp is currently owned by public stockholders and will be exchanged for shares of new Home Federal Bancorp's common stock based on an exchange ratio of 1.1360 to 1.5369. The exchange ratio may be increased to as much as 1.7674 in the event the maximum of the offering range is increased by 15%. The actual exchange ratio will be determined at the closing of the offering and will depend on the number of shares of new Home Federal Bancorp's common stock that are sold in the offering.

**Terms of the Offering**

We are offering between 10,200,000 and 13,800,000 shares of common stock, to those with subscription rights in the following order of priority:

- (1) Depositors who held at least \$50 with us on March 31, 2006.
- (2) The Home Federal Bancorp employee stock ownership plan.
- (3) Depositors who held at least \$50 with us on September 30, 2007.

- (4) Depositors and borrowers with us as of \_\_\_\_\_, 2007 and March 16, 2004, respectively, to the extent not already included in a prior category.

We may increase the maximum number of shares that we sell in the offering by up to 15% to 15,870,000 shares as a result of market demand, regulatory considerations or changes in financial conditions with the approval of the Office of Thrift Supervision and without any notice to you. If we increase the number of shares in the offering, you will not have the opportunity to change or cancel your stock order. The offering price is \$10.00 per share. All purchasers will pay the same purchase price per share. No commission will be charged to purchasers in the offering.

If we receive subscriptions for more shares than are to be sold in the subscription offering, shares will be allocated in order of the priorities described above under a formula outlined in the plan of conversion and reorganization. If we increase the number of shares to be sold above 13,800,000, the employee stock ownership plan will have the first priority right to purchase any shares exceeding that amount to the extent that its subscription has not previously been filled. Any shares remaining will be allocated in the order of priorities described above. Shares of common stock not subscribed for in the subscription offering will be offered to the general public in a direct community offering with a preference to natural persons residing in Ada, Canyon, Elmore and Gem counties, Idaho and, if necessary, a syndicated community offering. The direct community offering, if any, shall begin at the same time as, during or promptly after the subscription offering. See The Conversion and Stock Offering Subscription Offering and Subscription Rights, Direct Community Offering and Syndicated Community Offering.

Keefe, Bruyette & Woods, our financial advisor and selling agent in connection with the offering, will use its best efforts to assist us in selling our common stock in the offering. Keefe, Bruyette & Woods is not obligated to purchase any shares of common stock in the offering. For further information about the role of Keefe, Bruyette & Woods in the offering, see The Conversion and Stock Offering Marketing Arrangements.

#### **Reasons for the Conversion and Offering**

We believe that this is the right time for Home Federal MHC to convert to the stock form. Generally, the conversion and stock offering will give us the financial strength to continue to grow our bank, better enable us to serve our customers in our market area, help us retain and attract qualified management through stock-based compensation plans, and provide us with easier access to the capital markets through possible future equity and debt offerings.

We believe that the conversion also will help us grow our loan portfolio, particularly in the commercial lending area. The increased capital from the offering proceeds will enable us to make larger loans than we have been able to in the past and make us a more effective competitor in our market areas. In order to capitalize on these opportunities we have hired and plan to hire several additional commercial lending officers who will focus on increasing our commercial loan portfolio. We believe that, as a stock-form institution, we may be in a better position to attract and retain quality loan officers. In addition, we plan to expand our banking franchise by opening additional branch offices. We are planning four to six new branches that we intend to open within the next 24 months. There is currently one new branch under construction in Nampa, Idaho and plans are being finalized for the construction of a new branch office in the Meridian, Idaho market in 2008. We hope to be able to use these new branches to enhance our commercial lending efforts in which we open new offices. In addition, we believe that there may be opportunities to make acquisitions of other financial institutions in the future, although we do not currently have any plans, agreements or understandings regarding any acquisition transactions. The proceeds from the offering as well as the stock form of ownership will facilitate our ability to consider acquisitions in the future.

**The Exchange of Home Federal Bancorp Common Stock**

If you are now a stockholder of Home Federal Bancorp, the existing publicly traded mid-tier holding company, your shares will be cancelled and exchanged for new shares of new Home Federal Bancorp common stock. The number of shares you receive will be based on an exchange ratio determined as of the closing of the conversion. The actual number of shares you receive will depend upon the number of shares we sell in our offering, which in turn will depend upon the final appraised value of new Home Federal Bancorp. The following table shows how the exchange ratio will adjust, based on the number of shares sold in our offering. The table also shows how many shares a hypothetical owner of Home Federal Bancorp common stock would receive in the exchange, based on the number of shares sold in the offering.

	Shares to be sold in the offering		Shares of new Home Federal Bancorp stock to be exchanged for current Home Federal Bancorp common stock		Total shares of new Home Federal Bancorp common stock to be outstanding after the conversion	Exchange ratio	100 shares of Home Federal Bancorp common stock would be exchanged for the following number of shares of Home Federal Bancorp	Value of new Home Federal Bancorp shares to be received in exchange for 100 shares of Home Federal Bancorp common stock assuming value at \$10.00 per share
	Amount	Percent	Amount	Percent			Federal Bancorp	
Minimum	10,200,000	58.9%	7,103,110	41.1%	17,303,110	1.1360	113	\$1,130
Midpoint	12,000,000	58.9	8,356,600	41.1	20,356,600	1.3364	133	1,330
Maximum	13,800,000	58.9	9,610,090	41.1	23,410,090	1.5369	153	1,530
15% above the maximum	15,870,000	58.9	11,051,604	41.1	26,921,604	1.7674	176	1,760

If you currently own shares of Home Federal Bancorp which are held in  street name, they will be exchanged without any action on your part. If you currently are the record owner of shares of Home Federal Bancorp and hold certificates for these shares you will receive, after the conversion and offering is completed, a transmittal form with instructions to surrender your stock certificates. New certificates of our common stock will be mailed within five business days after the exchange agent receives properly executed transmittal forms and stock certificates. You should not submit a stock certificate for exchange until you receive a transmittal form.

No fractional shares of our common stock will be issued to any public stockholder of Home Federal Bancorp upon consummation of the conversion. For each fractional share that would otherwise be issued, we will pay an amount equal to the product obtained by multiplying the fractional share interest to which the holder would otherwise be entitled by the \$10.00 per share subscription price.

Under federal law and regulations, current public stockholders of Home Federal Bancorp do not have dissenters' rights or appraisal rights.

Outstanding options to purchase shares of Home Federal Bancorp common stock also will convert into and become options to purchase new shares of new Home Federal Bancorp, Inc. common stock. The number of shares of common stock to be received upon exercise of these options will be determined pursuant to the exchange ratio. The aggregate exercise price, duration and vesting schedule of these options will not be affected by the conversion. At June 30, 2007, there were 559,228 outstanding options to purchase shares of Home Federal Bancorp common stock, 49,233 of which have vested. Such options will be converted into options to purchase 635,283 shares of common stock at the minimum of the offering range and 859,478 shares of common stock at the maximum of the offering

range. Because Office of Thrift Supervision regulations prohibit us from repurchasing our common stock during the first year following the conversion unless compelling business reasons exist for such repurchases, we may use authorized but unissued shares to fund option exercises that occur during the first year following the conversion. If all existing options were exercised for authorized, but unissued shares of common stock following the conversion, stockholders would experience dilution of approximately 3.5%.

#### **How We Determined the Offering Range and the \$10.00 Price Per Share**

The offering range is based on an independent appraisal of the market value of the common stock to be issued in the offering. RP Financial, L.C., an appraisal firm experienced in appraisals of financial institutions, has advised us that, as of September 14, 2007, the estimated pro forma market value of our common stock, including exchange shares, ranges from a minimum of \$173.0 million to a maximum of \$234.1 million, with a midpoint of \$203.6 million. Based on this valuation range, the percentage of Home Federal Bancorp's common stock owned by Home Federal MHC, and the \$10.00 price per share, the respective boards of directors of Home Federal Bank, Home Federal MHC and Home Federal Bancorp determined to offer shares of new Home Federal Bancorp's common stock ranging from a minimum of 10,200,000 shares to a maximum of 13,800,000 shares, with a midpoint of 12,000,000 shares. The pro forma market value can be adjusted upward by us subsequent to the expiration date of the offering and prior to closing to reflect the demand for shares in the offering or changes in market and financial conditions without the resolicitation of subscribers if supported by an appropriate change in our independent appraisal and the approval of the Office of Thrift Supervision. At the adjusted maximum, the estimated pro forma market value of new Home Federal Bancorp's common stock would be \$269.2 million and the number of shares offered would equal 15,870,000 shares.

The independent appraisal was based in part on our financial condition and results of operations, the pro forma impact of the additional capital raised by the sale of common stock in the offering, and an analysis of a peer group of companies that RP Financial considered comparable to us. The peer group, which consists of 10 publicly traded thrift institutions, includes companies that range in asset size from \$531 million to \$1.2 billion, have market capitalizations that range from \$53.2 million to \$174.6 million, and have been in fully converted form for more than one year. A majority of the peer group companies are located in the Western states.

The independent valuation was prepared by RP Financial in reliance upon the information contained in this prospectus, including the consolidated financial statements of Home Federal Bancorp. RP Financial also considered the following factors, among others:

- the present results and financial condition of Home Federal Bank, and the projected results and financial condition of new Home Federal Bancorp, a Maryland corporation;

- the economic and demographic conditions in Home Federal Bank's existing market area;

- certain historical, financial and other information relating to Home Federal Bank;

- a comparative evaluation of the operating and financial characteristics of Home Federal Bank with those of other similarly situated publicly traded savings institutions located in the United States;

- the impact of the conversion and the offering on Home Federal Bancorp's stockholders' equity and earnings potential;

- the proposed dividend policy of new Home Federal Bancorp; and

- the trading market for securities of comparable institutions and general conditions in the market for such securities.

The following table presents a summary of selected pricing ratios for the companies comprising the peer group used by RP Financial in its independent appraisal report dated September 14, 2007 and the pro forma pricing ratios for us, as calculated in the table on page 20 in the section of this prospectus entitled "Pro Forma Data." Compared to the median pricing of the peer group, our pro forma pricing ratios at the midpoint of the offering range

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indicated a premium of 86.9% on a price-to-earnings basis and discounts of 25.0% on a price-to-book value basis and 27.9% on a price-to-tangible book value basis. The estimated appraised value and the resulting premiums and discounts took into consideration the potential financial impact of the conversion and offering and RP Financial's analysis of the results of operations and financial condition of Home Federal Bancorp compared to the peer group.

	<u>Price-to-earnings multiple(1)</u>	<u>Price-to-book value ratio</u>	<u>Price-to-tangible book value ratio</u>
<b>New Home Federal Bancorp</b>			
Minimum of offering range	24.34x	88.26%	88.26%
Midpoint of offering range	27.66	96.34	96.34
Maximum of offering range	33.77	103.20	103.20
Maximum of offering range, as adjusted	34.10	110.13	110.13
<b>Valuation of peer group companies as of September 14, 2007(2)</b>			
Average	18.90x	129.19%	145.75%
Median	14.80	128.49	133.67

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Reflects our pro forma price-to-earnings multiples based on pro forma net income for the 12 months ended June 30,

(1) 2007.

(2) Reflects earnings for the most recent twelve month period for which data was publicly available.

**The independent appraisal is not necessarily indicative of post-offering trading value. You should not assume or expect that the valuation of new Home Federal Bancorp as indicated above means that the common stock will trade at or above the \$10.00 purchase price after the offering is completed.**

The independent appraisal will be updated before we complete the conversion. Any changes in the appraisal would be subject to the approval of the Office of Thrift Supervision. The estimated pro forma market value of new Home Federal Bancorp may be increased by up to 15%, or up to \$269.2 million. See Pro Forma Data.

### After-Market Performance Information Provided by the Independent Appraiser

The following table, prepared by our independent appraiser, presents for all second step conversions that began trading from January 1, 2006 to September 14, 2007, the percentage change in the trading price from the initial trading date of the offering to the dates shown in the table. The table also presents the average and median trading prices and percentage change in trading prices for the same dates. This information relates to stock performance experienced by other companies that may have no similarities to us with regard to market capitalization, offering size, earnings quality and growth potential, among other factors.

The table is not intended to indicate how our common stock may perform. Data represented in the table reflects a small number of transactions and is not indicative of general stock market performance trends or of price performance trends of companies that undergo conversions. Furthermore, this table presents only short-term price performance and may not be indicative of the longer-term stock price performance of these companies. There can be no assurance that our stock price will appreciate or that our stock price will not trade below \$10.00 per share. The movement of any particular company's stock price is subject to various factors, including, but not limited to, the amount of proceeds a company raises, the company's historical and anticipated operating results, the nature and quality of the company's assets, the company's market area and the quality of management and management's ability to deploy proceeds (such as through loans and investments, the acquisition of other financial institutions or other businesses, the payment of dividends and common stock repurchases). In addition, stock prices may be affected by general market and economic conditions, the interest rate environment, the market for financial institutions and merger or takeover transactions and the presence of professional and other investors who purchase stock on

speculation, as well as other unforeseeable events not in the control of management. Before you make an investment decision, please carefully read this prospectus, including Risk Factors.

**After Market Trading Activity  
Second Step Offerings  
Completed Closing Dates between January 1, 2006 and September 14, 2007**

Transaction	Conversion Date	Appreciation from Initial Trading Date(1)			
		1 Day	1 Week	1 Month	Through September 14, 2007
Abington Bancorp, Inc. (NASDAQ: ABBC)	6/28/07	(4.0)%	(1.6)%	(7.5)%	(4.2)%
Peoples United Financial, Inc. (NASDAQ: PBCT)	4/16/07	3.8	2.0	(0.3)	(14.9)
Osage Bancshares, Inc. (NASDAQ: OSBK)	1/18/07	(0.5)	(0.5)	(6.8)	(9.1)
Westfield Financial, Inc. (AMEX: WFD)	1/4/07	7.0	7.5	9.0	(0.1)
Citizens Community Bancorp, Inc. (NASDAQ: CZ WI)	11/1/06	(2.5)	(1.0)	(3.3)	(7.7)
Liberty Bancorp, Inc. (NASDAQ: LBSP)	7/24/06	2.5	1.0	1.5	7.2
First Clover Leaf Fin. Corp. (NASDAQ: FCLF)	7/11/06	3.9	6.0	11.2	15.0
Monadnock Bancorp, Inc. (OTCBB : MN KB )	6/29/06		(5.0)	(13.8)	(17.5)
Average		1.3	1.1	(1.2)	(3.9)
Median		1.3	0.3	(1.8)	(6.0)

(1) The offering price for each transaction was \$10.00 per share.

**Termination of the Offering**

The subscription offering will end at 12:00 Noon, Mountain time, on \_\_\_\_\_, 2007, unless extended. The direct community offering and syndicated community offering, if any, will also end at 12:00 Noon, Mountain time, on \_\_\_\_\_, 2007. If fewer than the minimum number of shares are subscribed for in the subscription offering and we do not get orders for at least the minimum number of shares by \_\_\_\_\_, 2008, we will either:

- (1) promptly return any payment you made to us, with interest, or cancel any withdrawal authorization you gave us; or
- (2) extend the offering, if allowed, and give you notice of the extension and of your rights to cancel, change or confirm your order. If we extend the offering and you do not respond to the notice, then we will cancel your order and return your payment, with interest, or cancel any withdrawal authorization you gave us. We must complete or terminate the offering by \_\_\_\_\_, 2009.





**How We Will Use the Proceeds Raised From the Sale of Common Stock**

We intend to use the net proceeds received from the stock offering as follows:

	Minimum	Maximum	Maximum, as adjusted
	(In Thousands)		
Gross proceeds	\$102,000	\$138,000	\$158,700
Less: estimated underwriting commission and other offering commissions	4,471	5,613	6,269
Net proceeds	97,529	132,387	152,431
Less:			
Net proceeds to Home Federal Bank	48,765	66,194	76,216
Loan to our employee stock ownership plan	8,160	11,040	12,696
Net cash proceeds retained by new Home Federal Bancorp	40,604	55,153	63,519

We expect to expand our branch network and are planning four to six new branches that we intend to open within the next 24 months. There is currently one new branch under construction in Nampa, Idaho and plans are being finalized for the construction of a new branch office in the Meridian, Idaho market in 2008. Our long-term strategy is to build two or three branches per year if appropriate sites can be identified and obtained. We expect that each new branch office will cost between \$1.3 million to \$2.2 million, depending upon the location, cost of land, and the size and design of the building and permitting costs, which may vary from one jurisdiction to another. Initially, the net proceeds from the offering will be utilized to fund new loan originations, particularly in the commercial lending area.

Except as described above, neither new Home Bancorp, Inc. and Home Federal has any specific plans for the investment of the proceeds of this offering and has not allocated a specific portion of the proceeds to any particular use. The net proceeds retained by new Home Federal Bancorp will initially be deposited with Home Federal Bank and may ultimately be used to support lending and investment activities, future expansion of operations through the establishment or acquisition of banking offices or other financial service providers, to pay dividends or for other general corporate purposes, including repurchasing shares of its common stock. No such acquisitions are specifically being considered at this time. Initially, a substantial portion of the net proceeds will be invested in short-term investments, investment-grade debt obligations and mortgage-backed securities.

See Risk Factors and How We Intend to Use the Proceeds From This Offering.

**Our Dividend Policy**

Home Federal Bancorp has paid quarterly cash dividends since the quarter ended June 30, 2005. During the quarter ended June 30, 2007, the cash dividend was \$0.055 per share. We intend to continue to pay cash dividends on a quarterly basis after we complete the conversion and the offering. We currently expect that the level of cash dividends per share after the conversion and offering will be substantially consistent with the current amount of dividends per share paid by Home Federal Bancorp on its common stock as adjusted for the additional shares issued pursuant to the exchange ratio. For example, based on the current cash dividend of \$0.055 per share and an assumed exchange ratio of 1.5369 at the maximum of the offering range, the cash dividend, if paid, would be approximately \$0.035 per share. However, the dividend rate and the continued payment of dividends will depend on a number of factors, including our capital requirements, our financial condition and results of operations, tax considerations, statutory and regulatory limitations and general economic conditions. No assurance can be given that we will continue to pay dividends or that they will not be reduced in the future. Additionally, we can not guarantee that the amount of dividends that we pay after the conversion will be equal to the per share dividend amount that Home Bancorp's stockholders currently receive, as adjusted to reflect the exchange ratio.

**Market for Common Stock**

Home Federal Bancorp's common stock is currently listed on the Nasdaq Global Market under the symbol "HOME". We have applied to have the common stock of new Home Federal Bancorp listed for trading on the Nasdaq Global Select Market. For the first 20 trading days after the conversion and offering is completed, we expect new Home Federal Bancorp common stock to trade under the symbol "HOMED", thereafter it will revert to the "HOME" trading symbol.