SI Financial Group, Inc.
Form 424B3
November 19, 2010
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Filed Pursuant to Rule 424(b)(3)
Registration Statement No. 333-169302

Dear Shareholder:

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

The Proxy Vote Your Vote Is Very Important

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

The Exchange

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

The Stock Offering

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

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

Sincerely,

Rheo A. Brouillard

President and Chief Executive Officer

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

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SI FINANCIAL GROUP, INC.

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

PROSPECTUS OF SI FINANCIAL GROUP, INC. (NEW)

PROXY STATEMENT OF SI FINANCIAL GROUP, INC.

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

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

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

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

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

The conversion and offering will be conducted pursuant to the plan of conversion and reorganization (the plan of conversion) of Savings Institute, SI Financial Group and SI Bancorp, MHC. The conversion and offering cannot be completed unless the shareholders of SI Financial Group approve the plan of conversion. Shareholders of SI Financial Group will consider and vote upon the plan of conversion at SI Financial Group s special meeting of shareholders at the Savings Institute Bank and Trust Company Training Center, 579 North Windham Road, Willimantic, Connecticut, on December 23, 2010 at 1:00 p.m., Eastern time. **SI Financial Group s board of directors recommends that shareholders vote FOR the plan of conversion.**

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

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

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

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

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

The date of this proxy statement/prospectus is November 10, 2010, and is first being mailed to shareholders

of SI Financial Group on or about November 20, 2010.

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SI Financial Group, Inc.

803 Main Street

Willimantic, Connecticut 06226

(860) 423-4581

Notice of Special Meeting of Shareholders

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

1. The approval of a plan of conversion and reorganization pursuant to which: (A) SI Bancorp, MHC, which currently owns 61.9% of the common stock of SI Financial Group, will merge with and into SI Financial Group, with SI Financial Group being the surviving entity; (B) SI Financial Group will merge with and into new SI Financial Group, a Maryland corporation recently formed to be the holding company for Savings Institute, with new SI Financial Group being the surviving entity; (C) the outstanding shares of SI Financial Group, other than those held by SI Bancorp, MHC, will be converted into shares of common stock of new SI Financial Group; and (D) new SI Financial Group will offer shares of its common stock for sale in a subscription offering and, if necessary, in a community offering and/or syndicated community offering.

2. The following informational proposals:

   2a Approval of a provision in new SI Financial Group s articles of incorporation requiring a super-majority vote to approve certain amendments to new SI Financial Group s articles of incorporation; and

   2b Approval of a provision in new SI Financial Group s articles of incorporation to limit the voting rights of shares beneficially owned in excess of 10% of new SI Financial Group s outstanding voting stock.

3. The approval of the contribution of up to $500,000 in cash to SI Financial Group Foundation, Inc., a nonstock Delaware corporation that is dedicated to charitable purposes within the communities in which Savings Institute Bank and Trust Company conducts its business.

4. The approval of the adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the plan of conversion and/or the contribution to the charitable foundation.

5. Such other business that may properly come before the meeting.

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

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

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

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

BY ORDER OF THE BOARD OF DIRECTORS

Sandra M. Mitchell

Corporate Secretary

Willimantic, Connecticut

November 20, 2010

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Questions and Answers

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

The Proxy Vote

Q. What am I being asked to approve?

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

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

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

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

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

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

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

Q. What is the conversion and related stock offering?

A. Savings Institute is converting from a partially-public mutual holding company structure to a fully-public stock holding company ownership structure. Currently, SI Bancorp, MHC owns 61.9% of SI Financial Group s common stock. The remaining 38.1% of SI Financial Group s common stock is owned by public shareholders. As a result of the conversion, our newly formed stock holding company, also named SI Financial Group, will become the parent of Savings Institute.

Shares of common stock of new SI Financial Group, representing the 61.9% ownership interest of SI Bancorp, MHC in SI Financial Group, are being offered for sale to eligible depositors of Savings Institute and, possibly, to the public. At the completion of the conversion and offering, public shareholders of SI Financial Group will exchange their shares of SI Financial Group common stock for shares of common stock of new SI Financial Group.

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

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

Q. What are reasons for the conversion and offering?

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

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

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

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

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

Q. Why should I vote?

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

Q. What happens if I don t vote?

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

Q. How do I vote?

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

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

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

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

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

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

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

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

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

The Exchange

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

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

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

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

Q. How will the actual exchange ratio be determined?

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

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

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

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

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

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

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

Q. Why doesn t SI Financial Group wait to conduct the conversion until the stock market improves so that current shareholders can receive a higher exchange ratio?

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

Q. Should I submit by stock certificates now?

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

Stock Offering

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

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

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

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

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Other Questions?

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

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Summary

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

Special Meeting of Shareholders

Date, Time and Place; Record Date

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

Purpose of the Meeting

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

1. Approval of the plan of conversion;

2. The following informational proposals:

   2a Approval of a provision in new SI Financial Group s articles of incorporation requiring a super-majority vote to approve certain amendments to new SI Financial Group s articles of incorporation; and

   2b Approval of a provision in new SI Financial Group s articles of incorporation to limit the voting rights of shares beneficially owned in excess of 10% of new SI Financial Group s outstanding voting stock;

3. Approval of the contribution to the charitable foundation; and

4. Approval of the adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the plan of conversion and the contribution to the charitable foundation.

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

Vote Required

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

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

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

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

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

Our Company

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

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

The Conversion

Description of the Conversion (page 33)

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

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

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

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

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

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

Reasons for the Conversion and Offering (page 33)

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

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

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

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

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

Conditions to Completing the Conversion and Offering

We cannot complete the conversion and offering unless:

- the plan of conversion is approved by at least *a majority of votes eligible to be cast* by depositors of Savings Institute;
- the plan of conversion is approved by at least *two-thirds of the outstanding shares* of SI Financial Group, including shares held by SI Bancorp, MHC;
- the plan of conversion is approved by at least *a majority of the outstanding shares* of SI Financial Group, excluding the shares held by SI Bancorp, MHC;
- we sell at least the minimum number of shares offered; and
- we receive the final approval of the Office of Thrift Supervision to complete the conversion and offering.

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

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

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

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

	Shares to be Sold In the Offering		Shares to be Exchanged for Existing Shares of SI Financial Group						
	Amount	Percent	Amount	Percent	Total Shares of Common Stock to be Outstanding	Exchange Ratio	Equivalent Per Share Value (1)	Equivalent Pro Forma Book Value Per Exchanged Share (2)	Shares to be Received for 100 Existing Shares (3)
Minimum	5,578,125	61.9%	3,437,460	38.1%	9,015,585	0.7655	$ 6.12	$ 9.70	76
Midpoint	6,562,500	61.9%	4,044,071	38.1%	10,606,571	0.9006	7.20	10.28	90
Maximum	7,546,875	61.9%	4,650,682	38.1%	12,197,557	1.0357	8.29	10.86	103
Maximum, as adjusted	8,678,906	61.9%	5,348,284	38.1%	14,027,190	1.1910	9.53	11.53	119

(1) Represents the value of shares of new SI Financial Group common stock received in the conversion by a holder of one share of SI Financial Group common stock at the exchange ratio, assuming an offering price of $8.00 per share.
(2) Represents the pro forma tangible stockholders equity per share at each level of the offering range multiplied by the respective exchange ratio.
(3) Cash will be paid instead of issuing any fractional shares.

No fractional shares of new SI Financial Group common stock will be issued in the conversion and offering. For each fractional share that would otherwise be issued, we will pay cash in an amount equal to the product obtained by multiplying the fractional share interest to which the holder would otherwise be entitled by the $8.00 per share offering price.

We also will convert options previously awarded under the 2005 Equity Incentive Plan into options to purchase new SI Financial Group common stock. At June 30, 2010, there were outstanding options to purchase 496,750 shares of SI Financial Group common stock. The number of outstanding options and related per share exercise prices will be adjusted based on the exchange ratio. The aggregate exercise price, term and vesting period of the outstanding options will remain unchanged. If any options are exercised before we complete the offering, the number of shares of SI Financial Group common stock outstanding will increase and the exchange ratio could be adjusted.

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Effect of the Conversion on Shareholders of SI Financial Group

The following table compares historical information for SI Financial Group with similar information on a pro forma and per equivalent SI Financial Group share basis. The information listed as per equivalent SI Financial Group share was obtained by multiplying the pro forma amounts by the exchange ratio indicated in the table.

	SI Financial Group Historical	Pro Forma	Exchange Ratio	Per Equivalent SI Financial Group Share
Book value per share at June 30, 2010:				
Sale of 5,578,125 shares	$ 6.89	$ 13.13	0.7655	$ 10.05
Sale of 6,562,500 shares	6.89	11.81	0.9006	10.63
Sale of 7,546,875 shares	6.89	10.83	1.0357	11.22
Sale of 8,678,906 shares	6.89	9.98	1.1910	11.89
Earnings per share for the six months ended June 30, 2010:				
Sale of 5,578,125 shares	$ 0.11	$ 0.14	0.7655	0.11
Sale of 6,562,500 shares	0.11	0.12	0.9006	0.11
Sale of 7,546,875 shares	0.11	0.10	1.0357	0.10
Sale of 8,678,906 shares	0.11	0.09	1.1910	0.11
Price per share (1):				
Sale of 5,578,125 shares	$ 6.22	$ 8.00	0.7655	$ 6.12
Sale of 6,562,500 shares	6.22	8.00	0.9006	7.20
Sale of 7,546,875 shares	6.22	8.00	1.0357	8.29
Sale of 8,678,906 shares	6.22	8.00	1.1910	9.53

(1) At September 9, 2010, which was the day of the adoption of the plan of conversion.

How We Determined the Offering Range and Exchange Ratio (page 36)

Federal regulations require that the aggregate purchase price of the securities sold in the offering be based upon our estimated pro forma market value after the conversion (*i.e.*, taking into account the expected receipt of net proceeds from the sale of securities in the offering), as determined by an independent appraisal. We have retained RP Financial, LC., which is experienced in the evaluation and appraisal of financial institutions, to prepare the appraisal. RP Financial has indicated that in its valuation as of August 26, 2010, our common stock s estimated market value ranged from $72.1 million to $97.6 million, with a midpoint of $84.9 million. Based on this valuation, we are selling the number of shares representing the 61.9% of SI Financial Group currently owned by SI Bancorp, MHC. This results in an offering range of $44.6 million to $60.4 million, with a midpoint of $52.5 million. RP Financial will receive fees totaling $90,000 for its appraisal report, plus $10,000 for any appraisal updates (of which there will be at least one) and reimbursement of out-of-pocket expenses.

The appraisal was based in part upon SI Financial Group s financial condition and results of operations, the effect of the net proceeds we will receive from the sale of common stock in this offering, the cash to be contributed to the charitable foundation and an analysis of a peer group of ten publicly traded savings and loan holding companies that RP Financial considered comparable to SI Financial Group. The appraisal peer group consists of the companies listed below. Total assets are as of June 30, 2010.

Company Name and Ticker Symbol	Exchange	Headquarters	Total Assets (In millions)
Beacon Federal Bancorp, Inc. (BFED)	NASDAQ	East Syracuse, NY	$ 1,072
Central Bancorp, Inc. (CEBK)	NASDAQ	Somerville, MA	527
ESB Financial Corporation (ESBF)	NASDAQ	Ellwood City, PA	1,948

ESSA Bancorp, Inc. (ESSA)	NASDAQ	Stroudsburg, PA	1,067
Harleysville Savings Financial Corporation (HARL)	NASDAQ	Harleysville, PA	867
Hingham Institution for Savings (HIFS)	NASDAQ	Hingham, MA	972
New Hampshire Thrift Bancshares, Inc. (NHTB)	NASDAQ	Newport, NH	993
TF Financial Corporation (THRD)	NASDAQ	Newton, PA	721
United Financial Bancorp, Inc. (UBNK)	NASDAQ	West Springfield, MA	1,545
Westfield Financial, Inc. (WFD)	NASDAQ	Westfield, MA	1,235

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In preparing its appraisal, RP Financial considered the information in this proxy statement/prospectus, including our financial statements. RP Financial also considered the following factors, among others:

- our historical and projected operating results and financial condition, including, but not limited to, net interest income, the amount and volatility of interest income and interest expense relative to changes in market conditions and interest rates, asset quality, levels of loan loss provisions, the amount and sources of noninterest income, and the amount of noninterest expense;

- the economic, demographic and competitive characteristics of our market area, including, but not limited to, employment by industry type, unemployment trends, size and growth of the population, trends in household and per capita income and deposit market share;

- a comparative evaluation of our operating and financial statistics with those of other similarly-situated, publicly traded savings associations and savings association holding companies, which included a comparative analysis of balance sheet composition, income statement and balance sheet ratios, credit and interest rate risk exposure;

- the effect of the capital raised in this offering on our net worth and earnings potential, including, but not limited to, the increase in consolidated equity resulting from the offering, the estimated increase in earnings resulting from the investment of the net proceeds of the offering, and the estimated impact on consolidated equity and earnings resulting from adoption of the proposed employee stock benefit plans; and

- the trading market for SI Financial Group common stock and securities of comparable institutions and general conditions in the market for such securities.

The independent appraisal also reflects the cash contribution to SI Financial Group Foundation. The cash contribution to the charitable foundation will not have a material effect on our estimated pro forma market value.

Two measures that some investors use to analyze whether a stock might be a good investment are the ratio of the offering price to the issuer s book value and tangible book value and the ratio of the offering price to the issuer s core earnings. RP Financial considered these ratios in preparing its appraisal, among other factors. Book value is the same as total equity and represents the difference between the issuer s assets and liabilities. Tangible book value is equal to total equity minus intangible assets. Core earnings, for purposes of the appraisal, was defined as net earnings after taxes, excluding the after-tax portion of income from nonrecurring items. In applying each of the valuation methods, RP Financial considered adjustments to our pro forma market value based on a comparison of SI Financial Group with the peer group. RP Financial made slight downward adjustments for profitability, growth and viability of earnings and for the marketing of the issue and made a slight upward adjustment for financial condition.

The following table presents a summary of selected pricing ratios for the peer group companies utilized by RP Financial in its appraisal and the pro forma pricing ratios for us as calculated by RP Financial in its appraisal report, based on financial data as of and for the twelve months ended June 30, 2010. The pricing ratios for SI Financial Group are based on financial data as of or for the twelve months ended June 30, 2010.

	Price to Earnings Multiple	Price to Core Earnings Multiple	Price to Book Value Ratio	Price to Tangible Book Value Ratio
New SI Financial Group (pro forma):				
Minimum	32.80x	36.07x	60.93%	63.14%
Midpoint	38.54	42.37	67.74	70.05
Maximum	44.26	48.65	73.87	76.26
Maximum, as adjusted	50.81	55.85	80.16	82.64
Pricing ratios of peer group companies as of August 26, 2010:				

Average	15.21x	15.83x	85.14%	93.10%
Median	12.02	11.48	86.74	97.68

Compared to the average pricing ratios of the peer group, at the maximum of the offering range our common stock would be priced at a premium of 191.0% to the peer group on a price-to-earnings basis, a premium of 207.3% on a price-to-core earnings basis, a discount of 13.2% on a price-to-book basis and a discount of 18.1% on a price-to-tangible book basis. This means that, at the maximum of the offering range, a share of our common stock would be less expensive than the peer group on a book value and tangible book value basis.

Compared to the average pricing ratios of the peer group, at the minimum of the offering range our common stock would be priced at a premium of 115.6% to the peer group on a price-to-earnings basis, a premium of 129.7% on a price-to-core earnings basis, a discount of 28.4% on a price-to-book basis and a discount of 32.2% on a price-to-tangible book basis. This means that, at the minimum of the offering range, a share of our common stock would be less expensive than the peer group on a book value and tangible book value basis.

Our board of directors reviewed RP Financial s appraisal report, including the methodology and the assumptions used by RP Financial, and determined that the offering range was reasonable and adequate. Our board of directors has decided to offer the shares for a price of $8.00 per share. The purchase price of $8.00 per share was determined by us, taking into account, among other factors, the market price of our stock before adoption of the plan of conversion, the requirement under Office of Thrift Supervision regulations that the common stock be offered in a manner that will achieve the widest distribution of the stock, and desired liquidity in the common stock after the offering. Our board of directors also established the formula for determining the exchange ratio. Based upon such formula and the offering range, the exchange ratio ranged from a minimum of 0.7655 to a maximum of 1.0357 shares of new SI Financial Group common stock for each current share of SI Financial Group common stock, with a midpoint of 0.9006. Based upon this exchange ratio, we expect to issue between 3,437,460 and 4,650,682 shares of new SI Financial Group common stock to the holders of SI Financial Group common stock outstanding immediately before the completion of the conversion and offering.

Because of differences in important factors such as operating characteristics, location, financial performance, asset size, capital structure and business prospects between us and other fully converted institutions, you should not rely on these comparative valuation ratios as an indication as to whether or not our common stock is an appropriate investment for you. **The appraisal is not intended, and must not be construed, as a recommendation of any kind as to the advisability of purchasing our common stock. The appraisal does not indicate market value. You should not assume or expect that the appraisal described above means that our common stock will trade at or above the $8.00 purchase price after the offering.**

Our board of directors makes no recommendation of any kind as to the advisability of purchasing shares of common stock in the offering.

Possible Change in Offering Range

RP Financial will update its appraisal before we complete the conversion and offering. If, as a result of regulatory considerations, demand for the shares or changes in financial market conditions, RP Financial determines that our estimated pro forma market value has increased, we may sell up to 8,678,906 shares without further notice to you. If our pro forma market value at that time is either below $72.1 million or above $112.2 million, then, after consulting with the Office of Thrift Supervision, we may: terminate the offering and promptly return all funds; promptly return all funds, set a new offering range and give all subscribers the opportunity to place a new order; or take such other actions as may be permitted by the Office of Thrift Supervision and the Securities and Exchange Commission. We do not intend to seek any additional approvals from shareholders in connection with setting a new offering range and giving all subscribers the opportunity to place a new order.

How We Intend to Use the Proceeds of the Offering (page 52)

The following table summarizes how we intend to use the proceeds of the offering, based on the sale of shares at the minimum and maximum of the offering range.

(Dollars in thousands)	5,578,125 Shares At $8.00 Per Share	Percent of Net Proceeds	7,546,875 Shares At $8.00 Per Share	Percent of Net Proceeds
Offering proceeds	$ 44,625		$ 60,375	
Less: offering expenses	(2,998)		(3,572)	
Net offering proceeds	41,627	100.0%	56,803	100.0%
Less:				
Proceeds contributed to Savings Institute	24,976	60.0	34,082	60.0
Proceeds used for loan to employee stock ownership plan	2,678	6.4	3,623	6.4
Proceeds contributed to SI Financial Group Foundation	500	1.2	500	0.9
Proceeds remaining for new SI Financial Group	$ 13,473	32.4%	$ 18,598	32.7%

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Initially, we intend to invest the proceeds of the offering in short-term investments. In the future, new SI Financial Group may use the funds it retains to invest in securities, pay cash dividends, repurchase shares of its common stock, subject to regulatory restrictions, or for general corporate purposes. Savings Institute intends to use the portion of the proceeds that it receives to fund new loans and expand its mortgage banking activities. We expect that much of the loan growth will occur in our commercial real estate and commercial business portfolios, which we have emphasized in recent years, but we have not allocated specific dollar amounts to any particular area of our loan portfolio. The amount of time that it will take to deploy the proceeds of the offering into loans will depend primarily on the level of loan demand. Savings Institute may also use the proceeds to finance the possible expansion of its business activities, including developing new branch locations, although there are no specific plans for these activities. We may also use the proceeds of the offering to diversify our business or acquire other companies as opportunities arise, primarily in or adjacent to our existing market areas, although we have no specific plans to do so at this time.

Benefits of the Conversion to Management (page 122)

We intend to adopt the stock benefit plans described below. We will recognize additional compensation expense related to the expanded employee stock ownership plan and the new equity incentive plan. The actual expense will depend on the market value of our common stock and will increase as the value of our common stock increases. As reflected under *Pro Forma Data,* based upon assumptions set forth therein, the annual expense related to the employee stock ownership plan and the new equity incentive plan would have been $668,000 for the year ended December 31, 2009, assuming shares are sold at the maximum of the offering range. If awards under the new equity incentive plan are funded from authorized but unissued stock, your ownership interest would be diluted by up to approximately 1.9%. See *Pro Forma Data* for an illustration of the effects of each of these plans.

Employee Stock Ownership Plan. Our employee stock ownership plan intends to purchase an amount of shares equal to 6.0% of the shares sold in the offering. The plan will use the proceeds from a 20-year loan from new SI Financial Group to purchase these shares. We reserve the right to purchase shares of common stock in the open market following the offering to fund all or a portion of the employee stock ownership plan. We also reserve the right to have the employee stock ownership plan purchase up to 10% of the shares of common stock sold in the offering if necessary to complete the offering at the minimum of the offering range. As the loan is repaid and shares are released from collateral, the shares will be allocated to the accounts of employee participants. Allocations will be based on a participant s individual compensation as a percentage of total plan compensation. Non-employee directors are not eligible to participate in the employee stock ownership plan. We will incur additional compensation expense as a result of this plan. See *Pro Forma Data* for an illustration of the effects of this plan.

New Equity Incentive Plan. We intend to implement a new equity incentive plan no earlier than six months after completion of the conversion and offering. We will submit this plan to our shareholders for their approval. Under this plan, we may grant stock options in an amount up to 7.7% of the number of shares sold in the offering and restricted stock awards in an amount equal to 3.1% of the shares sold in the offering. Stock options will be granted at an exercise price equal to 100% of the fair market value of our common stock on the option grant date. Shares of restricted stock will be awarded at no cost to the recipient. We will incur additional compensation expense as a result of this plan. See *Pro Forma Data* for an illustration of the effects of this plan. The new equity incentive plan will comply with all applicable Office of Thrift Supervision regulations. The new equity incentive plan will supplement our existing 2005 Equity Incentive Plan, which will continue as a plan of new SI Financial Group.

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The following table summarizes, at the maximum of the offering range, the total number and value of the shares of common stock that the employee stock ownership plan expects to acquire and the total value of all restricted stock awards and stock options that are expected to be available under the new equity incentive plan. At the maximum of the offering range, we will sell 7,546,875 shares and have 12,197,557 shares outstanding. The number of shares reflected for the benefit plans in the table below assumes that Savings Institute s tangible capital will be 10% or more following the completion of the offering and the application of the net proceeds as described under *Use of Proceeds*.

	Number of Shares to be Granted or Purchased				
(Dollars in thousands)	**At Maximum of Offering Range**	**As a % of Common Stock Sold**	**As a % of Common Stock Outstanding**	**Dilution Resulting from Issuance of Additional Shares**	**Total Estimated Value**
Employee stock ownership plan (1)	452,813	6.0%	3.7%	%	$ 3,623
Restricted stock awards (1)	232,870	3.1	1.9	1.9	1,863
Stock options (2)	582,176	7.7	4.8	4.6	1,618
Total	1,267,859	16.8%	10.4%	6.3%	$ 7,104

(1) Assumes the value of new SI Financial Group common stock is $8.00 per share for determining the total estimated value.
(2) Assumes the value of a stock option is $2.78. See *Pro Forma Data*.

We may fund our plans through open market purchases, as opposed to new issuances of common stock; however, if any options previously granted under our 2005 Equity Incentive Plan are exercised during the first year following completion of the offering, they will be funded with newly-issued shares as Office of Thrift Supervision regulations do not permit us to repurchase our shares during the first year following the completion of this offering except to fund the grants of restricted stock under the stock-based incentive plan or, with prior regulatory approval, under extraordinary circumstances. The Office of Thrift Supervision has previously advised that the exercise of outstanding options and cancellation of treasury shares in the conversion will not constitute an extraordinary circumstance or a compelling business purpose for satisfying this test.

The following table presents information regarding our existing employee stock ownership plan, options and restricted stock previously awarded or available for future awards under our 2005 Equity Incentive Plan, additional shares purchased by our employee stock ownership plan, and our proposed new equity incentive plan. The table below assumes that 12,197,577 shares are outstanding after the offering, which includes the sale of 7,546,875 shares in the offering at the maximum of the offering range and the issuance of 4,650,682 shares in exchange for shares of SI Financial Group using an exchange ratio of 1.0357. It is also assumed that the value of the stock is $8.00 per share.

Existing and New Stock Benefit Plans (Dollars in thousands)	**Eligible Participants**	**Number of Shares at Maximum of Offering Range**	**Estimated Value of Shares**	**Percentage of Shares Outstanding After the Conversion and Offering**
Employee Stock Ownership Plan:	Employees			
Shares purchased in 2004 offering (1)		498,549(2)	$ 3,988	4.1%
Shares to be purchased in this offering		452,813	3,623	3.7
Total employee stock ownership plan		951,362	$ 7,611	7.8
Restricted Stock Awards:	Directors and employees			
2005 Equity Incentive Plan (1)		255,040(3)	$ 2,040(4)	2.1

New shares of restricted stock		232,870	1,863(4)	1.9
Total shares of restricted stock		487,910	$ 3,903	4.0
Stock Options:	Directors and employees			
2005 Equity Incentive Plan (1)		637,601(5)	$ 1,766(6)	5.2
New stock options		582,176	1,618(7)	4.8
Total stock options		1,219,777	$ 3,384	10.0
Total stock benefit plans		2,659,049	$ 14,898	21.8%

(1) Number of shares has been adjusted for the 1.0357 exchange ratio at the maximum of the offering range.

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(2) As of June 30, 2010, of these shares, 164,065 (158,410 before adjustment) have been allocated to the accounts of participants and 334,484 (322,955 before adjustment) remain unallocated.
(3) As of June 30, 2010, of these shares, 252,347 (243,649 before adjustment) have been awarded and 2,692 (2,600 before adjustment) remain available for future awards. As of June 30, 2010, awards covering 236,149 shares have vested and the shares have been distributed.
(4) The actual value of restricted stock grants will be determined based on their fair value as of the date grants are made. For purposes of this table, fair value is assumed to be the same as the offering price of $8.00 per share.
(5) As of June 30, 2010, of these shares, options for 514,483 shares (496,750 shares before adjustment) have been awarded and options for 123,116 shares (118,873 shares before adjustment) remain available for future grants. As of June 30, 2010, no options had been exercised.
(6) The fair value of stock options granted and outstanding under the 2005 Equity Incentive Plan has been estimated using the Black-Scholes option pricing model. Before the adjustment for the exchange ratio, there were 496,750 outstanding options with a weighted-average fair value of $2.87 per option. Using this value and adjusting for the exchange ratio at the maximum of the offering range, the fair value of stock options granted or available for grant under the 2005 Equity Incentive Plan has been estimated at $2.77 per option.
(7) For purposes of this table, the fair value of stock options to be granted under the new equity incentive plan has been estimated at $2.78 per option using the Black-Scholes option pricing model with the following assumptions: exercise price, $8.00; trading price on date of grant, $8.00; dividend yield, 1.0%; expected life, 10 years; expected volatility, 18.21%; and risk-free interest rate, 2.97%.

Our Contribution of Cash to the SI Financial Group Foundation

SI Financial Group Foundation was organized in connection with Savings Institute s mutual holding company reorganization and was funded with 251,275 shares of SI Financial Group common stock on September 30, 2004. As of June 30, 2010, SI Financial Group Foundation had assets of $1.4 million, no liabilities and net worth of $1.4 million.

To further our commitment to the communities we serve and may serve in the future, subject to our members and stockholders approval, we intend to contribute up to $500,000 in cash to the charitable foundation to provide the foundation with additional liquidity. Other than shares issued in the exchange, we will not issue any shares of new SI Financial Group common stock to SI Financial Group Foundation in connection with the conversion and offering. As a result of the cash contribution, we expect to record an after-tax expense of approximately $335,000 during the quarter in which the conversion is completed. SI Financial Group Foundation currently owns 214,653 shares of SI Financial Group common stock. Following completion of the offering and assuming closing at the midpoint of the valuation range and the exchange ratio of 0.9006, the charitable foundation will own 193,316 shares, or 1.8%, of the outstanding shares of SI Financial Group. Pursuant to Office of Thrift Supervision regulations, all shares of SI Financial Group common stock owned by the charitable foundation must be voted in the same ratio as all other shares of SI Financial Group are voted.

SI Financial Group Foundation will continue to support charitable causes and community development activities in the communities in which we operate or may operate. During the six months ended June 30, 2010 and the year ended December 31, 2009, SI Financial Group Foundation made charitable contributions of $5,440, and $53,000, respectively.

Under the Internal Revenue Code, a corporate entity is generally permitted to deduct up to 10% of its taxable income (taxable income before the charitable contributions deduction) in any one year for charitable contributions. Any contribution in excess of the 10% limit may generally be deducted for federal income tax purposes over the five years following the year in which the charitable contribution was made. Accordingly, a charitable contribution by a corporate entity to a charitable foundation could, if necessary, be deducted for federal income tax purposes over a six-year period. Our overall charitable contribution deduction could be limited if our future taxable income is insufficient to allow for the full deduction within the 10% of taxable income limitation, which would result in an increase to income tax expense.

SI Financial Group Foundation is governed by a board of directors, which currently consists of five employees of Savings Institute, two of our directors, one of our former directors and one individual who is not affiliated with us. The officers and directors of the foundation are as follows:

Rheo A. Brouillard Chairman of the Board of Directors and President

Brian J. Hull Treasurer and Director

Sandra M. Mitchell Secretary and Director

William E. Anderson, Jr. Director

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Robert C. Cushman Director

Roger Engle Director

Donna M. Evan Director

Laurie L. Gervais Director

Edward Wosniak Director

None of these individuals receive compensation for their service as a director of the charitable foundation. In addition, some of our employees serve as executive officers of the charitable foundation. None of these individuals receive compensation for their service as an executive officer of the charitable foundation.

The contribution of cash to the charitable foundation has been approved by the Board of Directors of SI Bancorp, MHC, and must be approved by the members of SI Bancorp, MHC (depositors of Savings Institute) and the stockholders of SI Financial Group at their special meetings being held to consider and vote upon the plan of conversion. If members or shareholders do not approve the contribution to the charitable foundation, we will proceed with the conversion without contributing to the foundation and subscribers for common stock will not be resolicited (unless required by the Office of Thrift Supervision). The contribution to the charitable foundation will not have any material effect on our estimated pro forma valuation.

RP Financial will update its appraisal of our estimated pro forma market value at the conclusion of the offering. The pro forma market value reflected in that updated appraisal will be based on the facts and circumstances existing at that time, including, among other things, market and economic conditions.

See *Risk Factors The contribution to the charitable foundation will adversely affect net income* and *Proposal 3 Contribution to the Charitable Foundation.*

Purchases by Directors and Executive Officers (page 127)

We expect that our directors and executive officers, together with their associates, will subscribe for approximately 18,057 shares, which is 0.3% of the midpoint at the offering. Our directors and executive officers will pay the same $8.00 per share price as everyone else who purchases shares in the offering. Like all of our depositors, our directors and executive officers have subscription rights based on their deposits and, in the event of an oversubscription, their orders will be subject to the allocation provisions set forth in our plan of conversion. Purchases by our directors and executive officers will count towards the minimum number of shares we must sell to close the offering. Following the conversion and offering, and including shares received in exchange for shares of SI Financial Group, our directors and executive officers, together with their associates, are expected to own 287,115 shares of new SI Financial Group common stock, which would equal 2.7% of our outstanding shares if shares are sold at the midpoint of the offering range.

Market for New SI Financial Group s Common Stock (page 55)

SI Financial Group common stock is listed on the Nasdaq Global Market under the symbol SIFI. We expect that new SI Financial Group s common stock will trade on the Nasdaq Global Market under the trading symbol SIFID for a period of 20 trading days after the completion of the conversion and offering. Thereafter, the trading symbol will be SIFI. After shares of the common stock begin trading, you may contact a brokerage firm to buy or sell shares. There can be no assurance that persons purchasing the common stock in the offering will be able to sell their shares at or above the $8.00 offering price, and brokerage firms typically charge commissions related to the purchase or sale of securities.

SI Financial Group s Dividend Policy (page 54)

SI Financial Group currently pays a cash dividend of $0.03 per share per quarter, which equals $0.12 on an annualized basis. After the conversion and offering, we intend to continue to pay a cash dividend of $0.03 per share per quarter, which represents an annual yield of 1.5% based on a price of $8.00 per share. However, the dividend rate and 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.

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Dissenters Rights

Shareholders of SI Financial Group do not have dissenters rights in connection with the conversion and offering.

Differences in Shareholder Rights (page 137)

As a result of the conversion, existing shareholders of SI Financial Group will become shareholders of new SI Financial Group. The rights of shareholders of new SI Financial Group will be less than the rights shareholders currently have. The decrease in shareholder rights results from differences between the articles of incorporation and bylaws of new SI Financial Group and the charter and bylaws of SI Financial Group and from distinctions between Maryland and federal law. The differences in shareholder rights under the articles of incorporation and bylaws of new SI Financial Group are not mandated by Maryland law but have been chosen by management as being in the best interests of the corporation and all of its shareholders. However, the provisions in new SI Financial Group s articles of incorporation and bylaws may make it more difficult to pursue a takeover attempt that management opposes. These provisions will also make the removal of the board of directors or management, or the appointment of new directors, more difficult.

The differences in shareholder rights include the following:

- supermajority voting requirements for certain business combinations and changes to some provisions of the articles of incorporation and bylaws;
- limitation on the right to vote shares;
- a majority of shareholders required to call special meetings of shareholders; and
- greater lead time required for shareholders to submit business proposals or director nominations.

Tax Consequences (page 44)

As a general matter, the conversion will not be a taxable transaction for purposes of federal or state income taxes to shareholders of SI Financial Group, except that shareholders of SI Financial Group who receive cash in lieu of fractional share interests in shares of new SI Financial Group will recognize gain or loss equal to the difference between the cash received and the tax basis of the fractional share. Kilpatrick Stockton LLP and Wolf & Company, P.C. have issued us opinions to this effect.

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Risk Factors

You should consider carefully the following risk factors when deciding how to vote on the conversion and before purchasing shares of new SI Financial Group common stock.

Risks Related to Our Business

The economic recession could result in increases in our level of nonperforming loans and/or reduce demand for our products and services, which would lead to lower revenue, higher loan losses and lower earnings.

Our business activities and earnings are affected by general business conditions in the United States and in our local market area. These conditions include short-term and long-term interest rates, inflation, unemployment levels, real estate values, monetary supply, consumer confidence and spending, fluctuations in both debt and equity capital markets, and the strength of the economy in the United States generally and in our market area in particular. The national economy has recently experienced a recession, with rising unemployment levels, declines in real estate values and an erosion in consumer confidence. Dramatic declines in the U.S. housing market over the past few years, with falling home prices and increasing foreclosures, have negatively affected the credit performance of mortgage loans and resulted in significant write-downs of asset values by many financial institutions. Our local economy has mirrored the overall economy. A prolonged or more severe economic downturn, continued elevated levels of unemployment, further declines in the values of real estate, or other events that affect household and/or corporate incomes could impair the ability of our borrowers to repay their loans in accordance with their terms. Nearly all of our loans are secured by real estate or made to businesses in the counties in which we have offices in Connecticut. As a result of this concentration, a prolonged or more severe downturn in the local economy could result in significant increases in nonperforming loans, which would negatively impact our interest income and result in higher provisions for loan losses, which would hurt our earnings. The economic downturn could also result in reduced demand for credit, which would hurt our revenues.

Our level of nonperforming loans and classified assets expose us to increased risk of loss. Further, our allowance for loan losses may prove to be insufficient to absorb losses in our loan portfolio.

At September 30, 2010, loans that were classified as either special mention, substandard, doubtful or loss totaled $46.0 million, representing 7.6% of total loans, including nonperforming loans of $4.2 million, representing 0.68% of total loans. If these loans do not perform according to their terms and the value of the collateral is insufficient to pay the remaining loan balance or if the economy and/or the real estate market continues to weaken, we could experience loan losses or be required to add further reserves to our allowance for loan losses, either of which could have a material adverse effect on our operating results. Like all financial institutions, we maintain an allowance for loan losses at a level representing management s best estimate of known losses in the portfolio based upon management s evaluation of the portfolio s collectibility as of the corresponding balance sheet date. However, our allowance for loan losses may be insufficient to cover actual loan losses, and future provisions for loan losses could materially adversely affect our operating results.

At September 30, 2010, our allowance for loan losses totaled $5.0 million, which represented 0.81% of total loans and 118.73% of nonperforming loans. Our regulators, as an integral part of their examination process, periodically review the allowance for loan losses and may require us to increase the allowance for loan losses by recognizing additional provisions for loan losses charged to income, or to charge-off loans, which, net of any recoveries, would decrease the allowance for loan losses. Any such additional provisions for loan losses or charge-offs, as required by these regulatory agencies, could have a material adverse effect on our operating results.

Our commercial lending exposes us to lending risks.

At June 30, 2010, $280.7 million, or 46.0%, of our loan portfolio consisted of commercial real estate and commercial business loans. We intend to continue to emphasize these types of lending. Commercial loans generally expose a lender to greater risk of non-payment and loss than one- to four-family residential mortgage loans because repayment of the loans often depends on the successful operation of the business and the income stream of the borrowers. Such loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to one- to four-family residential mortgage loans. Also, many of our commercial borrowers have more than one loan outstanding with us. Consequently, an adverse development with respect to one loan or one credit relationship can expose us to a significantly greater risk of loss compared to an adverse development with respect to a one- to four-family residential mortgage loan.

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Our emphasis on residential mortgage loans and home equity loans exposes us to lending risks.

At June 30, 2010, $292.4 million, or 48.0%, of our loan portfolio consisted of one- to four-family residential mortgage loans and $24.0 million, or 3.9%, of our loan portfolio consisted of home equity lines of credit. Recent declines in the housing market have resulted in declines in real estate values in our market areas. These declines in real estate values could cause some of our mortgage and home equity loans to be inadequately collateralized, which would expose us to a greater risk of loss if we seek to recover on defaulted loans by selling the real estate collateral.

Our investment portfolio may suffer reduced returns, material losses or other-than-temporary impairment losses.

During an economic downturn, our investment portfolio could be subject to higher risk. The value of our investment portfolio is subject to the risk that certain investments may default or become impaired due to a deterioration in the financial condition of one or more issuers of the securities held in our portfolio, or due to a deterioration in the financial condition of an issuer that guarantees an issuer s payments of such investments. Such defaults and impairments could reduce our net investment income and result in realized investment losses.

Our investment portfolio is also subject to increased risk as the valuation of investments is more subjective when markets are illiquid, thereby increasing the risk that the estimated fair value (i.e. the carrying amount) of the portion of the investment portfolio that is carried at fair value as reflected in our financial statements is not reflective of prices at which actual transactions would occur.

Because of the risks set forth above, the value of our investment portfolio could decrease, we could experience reduced net investment income, and we could incur realized investment losses, which could materially and adversely affect our results of operations, financial position and liquidity.

Additionally, we review our securities portfolio at each quarter-end reporting period to determine whether the fair value is below the current carrying value. When the fair value of any of our equity securities has declined below its carrying value, we are required to assess whether the decline is other-than-temporary. We are required to write-down the value of that security through a charge to earnings if we conclude that the decline is other-than-temporary. In the case of debt securities, we are required to charge to earnings any decreases in value that are credit-related. As of June 30, 2010, the amortized cost and the fair value of our securities portfolio each totaled $182.2 million. Changes in the expected cash flows of these securities and/or prolonged price declines in future periods may result in a charge to earnings to write-down these securities. Any charges for other-than-temporary impairment would not impact cash flow, tangible capital or liquidity. For the six months ended June 30, 2010 and for the year ended December 31, 2009, we recognized other-than-temporary impairment losses for credit-related factors of $332,000 and $228,000, respectively, on certain debt securities.

Recently enacted regulatory reform may have a material impact on our operations.

On July 21, 2010, the President signed into law The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act). The Dodd-Frank Act restructures the regulation of depository institutions. Under the Dodd-Frank Act, the Office of Thrift Supervision, which currently regulates Savings Institute, will be merged into the Office of the Comptroller of the Currency, which regulates national banks. Savings and loan holding companies, including SI Financial Group, will be regulated by the Board of Governors of the Federal Reserve System. Also included is the creation of a new federal agency to administer consumer protection and fair lending laws, a function that is now performed by the depository institution regulators. The federal preemption of state laws currently accorded federally chartered depository institutions will be reduced as well and State Attorneys General will have greater authority to bring a suit against a federally chartered institution, such as Savings Institute, for violations of certain state and federal consumer protection laws. The Dodd-Frank Act also will impose consolidated capital requirements on savings and loan holding companies effective in five years, which will limit our ability to borrow at the holding company and invest the proceeds from such borrowings as capital in Savings Institute that could be leveraged to support additional growth. The Dodd-Frank Act contains various other provisions designed to enhance the regulation of depository institutions and prevent the recurrence of a financial crisis such as occurred in 2008-2009. The full impact of the Dodd-Frank Act on our business and operations will not be known for years until regulations implementing the statute are written and adopted. The Dodd-Frank Act may have a material impact on our operations, particularly through increased regulatory burden and compliance costs.

In addition to the enactment of the Dodd-Frank Act, the federal regulatory agencies recently have begun to take stronger supervisory actions against financial institutions that have experienced increased loan losses and other weaknesses as a result of the current economic crisis. These actions include the entering into of written agreements and cease and desist orders that place certain limitations on their operations. Federal bank regulators recently have also been using with more frequency

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their ability to impose individual minimal capital requirements on banks, which requirements may be higher than those imposed under the Dodd-Frank Act or which would otherwise qualify the bank as being well capitalized under the Federal Deposit Insurance Corporation s prompt corrective action regulations. If SI Financial Group or Savings Institute were to become subject to a supervisory agreement or higher individual capital requirements, such action may have a negative impact on their ability to execute their business plans, as well as their ability to grow, pay dividends or engage in mergers and acquisitions and may result in restrictions in their operations. See *Regulation and Supervision Federal Banking Regulation Capital Requirements* for a discussion of regulatory capital requirements.

Our inability to achieve profitability on new branches may negatively impact our earnings.

We consider our primary market area to consist of Hartford, Middlesex, New London, Tolland and Windham counties in Connecticut. However, the majority of our facilities are located in and a substantial portion of our business is derived from Windham county, which has the lowest median household income and the highest unemployment rate among the counties in Connecticut. To address this, in recent years, we have expanded our presence throughout our market area and may pursue further expansion through the establishment of additional branches in Hartford, Middlesex, New London and Tolland counties, each of which has more favorable economic conditions than Windham county. The profitability of our expansion policy will depend on whether the income that we generate from the additional branches we establish or purchase will offset the increased expenses resulting from operating new branches. We expect that it may take a period of time before new branches can become profitable, especially in areas in which we do not have an established presence. During this period, operating new branches may negatively impact our operating results.

Fluctuations in interest rates could reduce our profitability and affect the value of our assets.

Like other financial institutions, we are subject to interest rate risk. Our primary source of income is net interest income, which is the difference between interest earned on loans and investments and the interest paid on deposits and borrowings. Changes in the general level of interest rates can affect our net interest income by affecting the difference between the weighted-average yield earned on our interest-earning assets and the weighted-average rate paid on our interest-bearing liabilities, or interest rate spread and the average life of our interest-earning assets and interest-bearing liabilities. Changes in interest rates also can affect: (1) the ability to originate loans; (2) the value of our interest-earning assets and our ability to realize gains from the sale of such assets; (3) the ability to obtain and retain deposits in competition with other available investment alternatives; and (4) the ability of our borrowers to repay adjustable or variable rate loans. Interest rates are highly sensitive to many factors, including government monetary policies, domestic and international economic and political conditions and other factors beyond our control. Although we believe that the estimated maturities of our interest-earning assets currently are well balanced in relation to the estimated maturities of our interest-bearing liabilities, our profitability could be adversely affected during any period of changes in interest rates.

Our cost of operations is high relative to our assets. Our failure to maintain or reduce our operating expenses could hurt our profits.

Our noninterest expenses totaled $16.3 million and $31.4 million for the six months ended June 30, 2010 and the year ended December 31, 2009, respectively. We continue to analyze our expenses and achieve efficiencies where available, but we have experienced increased costs, a substantial portion of which are associated with the new full-service branches that we have opened or acquired since 2000. Although we have generated increases in both net interest income and noninterest income, our efficiency ratio remains high as a result of the higher operating expenses. Our efficiency ratio totaled 89.77% and 90.64% for the six months ended June 30, 2010 and the year ended December 31, 2009. Failure to control or maintain our expenses could hurt future profits.

Strong competition within our market area could hurt our profits and slow growth.

We face intense competition both in making loans and attracting deposits. This competition has made it more difficult for us to make new loans and at times has forced us to offer higher deposit rates. Price competition for loans and deposits might result in our earning less on our loans and paying more on our deposits, which reduces net interest income. As of June 30, 2010, we held approximately 1.60% of the deposits in Hartford, Middlesex, New London, Tolland and Windham counties in Connecticut, which represented the 13th market share of deposits out of 36 financial institutions in these counties. Some of the institutions with which we compete have substantially greater resources and lending limits than we have and may offer services that we do not provide. We expect competition to increase in the future as a result of legislative, regulatory and technological changes and the continuing trend of consolidation in the financial services industry. Our profitability depends upon our continued ability to compete successfully in our market area.

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We are subject to liquidity risks.

Market conditions could negatively affect the level or cost of liquidity available to us, which would affect our ongoing ability to accommodate liability maturities and deposit withdrawals, meet contractual obligations and fund asset growth and new business transactions at a reasonable cost, in a timely manner, and without adverse consequences. Core deposits and Federal Home Loan Bank advances are our primary source of funding. A significant decrease in our core deposits, an inability to renew Federal Home Loan Bank advances, an inability to obtain alternative funding to core deposits or Federal Home Loan Bank advances, or a substantial, unexpected, or prolonged change in the level or cost of liquidity could have a negative effect on our business and financial condition.

Increased and/or special Federal Deposit Insurance Corporation assessments will hurt our earnings.

The recent economic recession has caused a high level of bank failures, which has dramatically increased Federal Deposit Insurance Corporation resolution costs and led to a significant reduction in the balance of the Deposit Insurance Fund. As a result, the Federal Deposit Insurance Corporation has significantly increased the initial base assessment rates paid by financial institutions for deposit insurance. Increases in the base assessment rate have increased our deposit insurance costs and negatively impacted our earnings. In addition, in May 2009, the Federal Deposit Insurance Corporation imposed a special assessment on all insured institutions. Our special assessment, which was reflected in earnings for the quarter ended June 30, 2009, was $393,000. In lieu of imposing an additional special assessment, the Federal Deposit Insurance Corporation required all institutions to prepay their assessments for all of 2010, 2011 and 2012, which for us totaled $3.5 million. Additional increases in the base assessment rate or additional special assessments would negatively impact our earnings.

If the goodwill recorded in connection with our acquisitions becomes impaired, it could have a negative impact on our profitability.

Applicable accounting standards require that the acquisition method of accounting be used for all business combinations. Under this method, if the purchase price of an acquired entity exceeds the fair value of its net assets, the excess is carried on the acquirer s balance sheet as goodwill. At June 30, 2010, we had $4.1 million of goodwill on our balance sheet. Companies evaluate goodwill for impairment at least annually or more frequently if events or changes in circumstances warrant such evaluation. Our annual review of our goodwill occurs in November. Write-downs of the amount of impairment, if necessary, are to be charged to the results of operations in the period in which the impairment occurs. For the six months ended June 30, 2010, we recorded no goodwill impairment. For the year ended December 31, 2009, we recorded goodwill impairment of $57,000 related to our New London branch acquisition. Future evaluations of goodwill may result in findings of impairment and related write-downs, which could have a material adverse effect on our financial condition and results of operations.

Turmoil in the financial markets could have an adverse effect on our financial position or results of operations.

Beginning in 2008, United States and global financial markets experienced severe disruption and volatility, and general economic conditions have declined significantly. Adverse developments in credit quality, asset values and revenue opportunities throughout the financial services industry, as well as general uncertainty regarding the economic, industry and regulatory environment, have had a negative impact on the industry. The United States and the governments of other countries have taken steps to try to stabilize the financial system, including investing in financial institutions, and have implemented programs intended to improve general economic conditions. The U.S. Department of the Treasury created the Capital Purchase Program under the Troubled Asset Relief Program, pursuant to which the Treasury Department provided additional capital to participating financial institutions through the purchase of preferred stock or other securities. Other measures include homeowner relief that encourages loan restructuring and modification; the establishment of significant liquidity and credit facilities for financial institutions and investment banks; the lowering of the federal funds rate; regulatory action against short selling practices; a temporary guaranty program for money market funds; the establishment of a commercial paper funding facility to provide back-stop liquidity to commercial paper issuers; and coordinated international efforts to address illiquidity and other weaknesses in the banking sector. Notwithstanding the actions of the United States and other governments, there can be no assurances that these efforts will be successful in restoring industry, economic or market conditions to their previous levels and that they will not result in adverse unintended consequences. Factors that could continue to pressure financial services companies, including SI Financial Group, are numerous and include (1) worsening credit quality, leading among other things to increases in loan losses, (2) continued or worsening disruption and volatility in financial markets, leading among other things to continuing reductions in asset values, (3) capital and liquidity concerns

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regarding financial institutions generally, (4) limitations resulting from or imposed in connection with governmental actions intended to stabilize or provide additional regulation of the financial system, or (5) recessionary conditions that are deeper or last longer than currently anticipated.

We own stock in the Federal Home Loan Bank of Boston, which, as a result of its financial difficulties, has suspended its dividend and will negatively affect our net interest income.

As a member bank, Savings Institute is required to purchase capital stock in the Federal Home Loan Bank in an amount commensurate with the amount of Savings Institute s advances and unused borrowing capacity. This stock is carried at cost and was $8.4 million at June 30, 2010. In response to unprecedented market conditions and potential future losses, the Federal Home Loan Bank has implemented an initiative to preserve capital by the adoption of a revised retained earnings target, declaration of a moratorium on excess stock repurchases and the suspension of cash dividend payments. If the Federal Home Loan Bank is unable to meet minimum regulatory capital requirements or is required to aid the remaining Federal Home Loan Banks, our holding of Federal Home Loan Bank stock may be determined to be other-than-temporarily impaired and may require a charge to earnings. Additionally, for the six months ended June 30, 2010 and the year ended December 31, 2009, SI Financial Group did not recognize any dividend income from its investment in Federal Home Loan Bank stock. The failure to recognize dividend income from the Federal Home Loan Bank will negatively impact our net interest income.

We are subject to security and operational risks relating to use of our technology that could damage our reputation and business.

Security breaches in our internet banking activities could expose us to possible liability and damage our reputation. Any compromise of our security also could deter customers from using our internet banking services that involve the transmission of confidential information. We rely on standard internet security systems to provide the security and authentication necessary to effect secure transmission of data. These precautions may not protect our systems from compromises or breaches of our security measures that could result in damage to our reputation and business. Additionally, we outsource our data processing to a third party. If our third party provider encounters difficulties or if we have difficulty in communicating with such third party, it will significantly affect our ability to adequately process and account for customer transactions, which would significantly affect our business operations.

Risks Related to the Offering and Share Exchange

The market value of new SI Financial Group common stock received in the share exchange may be less than the market value of SI Financial Group common stock exchanged.

The number of shares of new SI Financial Group common stock you receive will be based on an exchange ratio that will be determined as of the date of completion of the conversion and offering. The exchange ratio will be based on the percentage of SI Financial Group common stock held by the public before the completion of the conversion and offering, the final independent appraisal of new SI Financial Group common stock prepared by RP Financial and the number of shares of common stock sold in the offering. The exchange ratio will ensure that existing public shareholders of SI Financial Group common stock will own approximately the same percentage of new SI Financial Group common stock after the conversion and offering as they owned of SI Financial Group common stock immediately before the completion of the conversion and offering, exclusive of the effect of their purchase of additional shares in the offering and the receipt of cash in lieu of fractional shares. The exchange ratio will not depend on the market price of SI Financial Group common stock.

The exchange ratio ranges from a minimum of 0.7655 to a maximum of 1.0357 shares of new SI Financial Group common stock per share of SI Financial Group common stock (subject to increase to 1.1910 shares). Shares of new SI Financial Group common stock issued in the share exchange will have an initial value of $8.00 per share. Depending on the exchange ratio and the market value of SI Financial Group common stock at the time of the exchange, the initial market value of the new SI Financial Group common stock that you receive in the share exchange could be less than the market value of the SI Financial Group common stock that you currently own. See *Proposal 1 Approval of the Plan of Conversion Share Exchange Ratio for Current Shareholders.*

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Our share price may fluctuate, which may make it difficult for you to sell your common stock when you want or at prices you find attractive.

The market price of our common stock could be subject to significant fluctuations due to changes in sentiment in the market regarding our operations or business prospects. Factors that may affect market sentiment include:

- operating results that vary from the expectations of our management or of securities analysts and investors;
- developments in our business or in the financial services sector generally;
- regulatory or legislative changes affecting our industry generally or our business and operations;
- operating and securities price performance of companies that investors consider to be comparable to us;
- changes in estimates or recommendations by securities analysts;
- announcements of strategic developments, acquisitions, dispositions, financings and other material events by us or our competitors; and
- changes in financial markets and national and local economies and general market conditions, such as interest rates and stock, commodity, credit or asset valuations or volatility.

Beginning in 2008 and through the present, the business environment for financial services firms has been extremely challenging. During this period, many publicly traded financial services companies have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance or prospects of such companies. We may experience market fluctuations that are not directly related to our operating performance but are influenced by the market s perception of the state of the financial services industry in general and, in particular, the market s assessment of general credit quality conditions, including default and foreclosure rates in the industry.

While the U.S. and other governments continue efforts to restore confidence in financial markets and promote economic growth, we cannot assure you that further market and economic turmoil will not occur in the near- or long-term, negatively affecting our business, financial condition and results of operations, as well as the price, trading volume and volatility of our common stock.

Additional expenses following the offering from new equity benefit plans will adversely affect our profitability.

Following the offering, we will recognize additional annual employee compensation expenses stemming from options and shares granted to employees, directors and executives under new benefit plans. Stock options and restricted stock may be granted under a new equity incentive plan adopted following the offering, if approved by shareholders. These additional expenses will adversely affect our profitability. We cannot determine the actual amount of these new stock-related compensation expenses at this time because applicable accounting practices generally require that these expenses be based on the fair market value of the options or shares of common stock at the date of the grant; however, they may be material. We recognize expenses for our employee stock ownership plan when shares are committed to be released to participants accounts and will recognize expenses for restricted stock awards and stock options over the vesting period of awards made to recipients. Pro forma after-tax expenses related to these plans for the six months ended June 30, 2010 and for the year ended December 31, 2009 were $335,000 and $668,000, respectively, at the maximum of the offering range, as set forth in the pro forma financial information under *Pro Forma Data* assuming the $8.00 per share purchase price as fair market value. Actual expenses, however, may be higher or lower, depending on the price of our common stock, the number of shares awarded under the plans and the timing of the implementation of the plans. For further discussion of these plans, see *Our Management Future Equity Incentive Plan.*

Our stock price may decline when trading commences.

If you purchase shares in the offering, you might not be able to sell them later at or above the $8.00 purchase price. After the shares of our common stock begin trading, the trading price of the common stock will be determined by the marketplace, and will be influenced by many factors outside of our control, including prevailing interest rates, investor perceptions, securities analyst research reports and general industry, geopolitical and economic conditions.

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There may be a limited market for our common stock, which may adversely affect our stock price.

Although our common stock is listed on the Nasdaq Global Market and will continue to be listed following the conversion and offering, the shares might not be actively traded. If an active trading market for our common stock does not develop, you may not be able to sell all of your shares of common stock on short notice, and the sale of a large number of shares at one time could temporarily depress the market price. There also may be a wide spread between the bid and ask price for our common stock. When there is a wide spread between the bid and ask price, the price at which you may be able to sell our common stock may be significantly lower than the price at which you could buy it at that time.

Our return on equity will initially be low compared to other publicly traded financial institutions. A low return on equity may negatively impact the trading price of our common stock.

Net income divided by average equity, known as return on equity, is a ratio used by many investors to compare the performance of a financial institution with its peers. For the year ended December 31, 2009, our return on equity was 0.58%. Although we expect that our net income will increase following the offering, we expect that our return on equity will remain low as a result of the additional capital that we will raise in the offering. For example, our pro forma return on equity for the year ended December 31, 2009 is 0.54%, assuming the sale of shares at the maximum of the offering range. In comparison, the peer group used by RP Financial in its appraisal had an average return on equity of 6.19% for the twelve months ended June 30, 2010. Over time, we intend to use the net proceeds from the offering to increase earnings per share and book value per share, without assuming undue risk, with the goal of achieving a return on equity that is competitive with other similarly situated publicly held companies. This goal could take a number of years to achieve, and we might not attain it. Consequently, you should not expect a competitive return on equity in the near future. Failure to achieve a competitive return on equity might make an investment in our common stock unattractive to some investors and might cause our common stock to trade at lower prices than comparable companies with higher returns on equity. See *Pro Forma Data* for an illustration of the financial impact of the offering.

We have broad discretion in the manner in which we utilize the proceeds of the offering. Our failure to effectively utilize such proceeds would reduce our profitability.

We intend to contribute approximately 60% of the net proceeds of the offering to Savings Institute and to use approximately 6.4% of the net proceeds to fund the loan to the employee stock ownership plan. We may use the proceeds retained by the holding company to, among other things, invest in securities, pay cash dividends or repurchase shares of common stock, subject to regulatory restrictions. Savings Institute may use the portion of the proceeds that it receives to fund new loans, repay outstanding borrowings, invest in securities and expand its business activities. We may also use the proceeds of the offering to open new branches, diversify our business and acquire other companies, although we have no specific plans to do so at this time. We have not allocated specific amounts of proceeds for any of these purposes, and we will have significant flexibility in determining how much of the net proceeds we apply to different uses and the timing of such applications. Our failure to utilize these funds effectively would reduce our profitability.

Issuance of shares for benefit programs may dilute your ownership interest.

We intend to adopt a new equity incentive plan following the offering, subject to shareholder approval. We may fund the equity incentive plan through the purchase of common stock in the open market (subject to regulatory restrictions) or by issuing new shares of common stock. If we fund the awards under the equity incentive plan with new shares of common stock, your ownership interest would be diluted by approximately 1.9%, assuming we award all of the shares and options available under the plan. We currently have outstanding options and shares available for future stock options under our 2005 Equity Incentive Plan. If we fund the awards under our existing plan with new shares of stock, your ownership interest would be diluted by approximately 4.6%, assuming we award all of the shares and options available under the plan. See *Pro Forma Data* and *Our Management Future Equity Incentive Plan.*

The contribution to the charitable foundation will adversely affect net income.

Subject to member, shareholder and regulatory approvals, we intend to contribute $500,000 in cash to SI Financial Group Foundation in connection with the conversion. The contribution will have an adverse effect on our net income for the quarter and year in which we make the contribution to the charitable foundation. The after-tax expense of the contribution will reduce net income by approximately $335,000. We had net income of $1.2 million for the six months ended June 30, 2010 and $435,000 for the year ended December 31, 2009.

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The articles of incorporation and bylaws of new SI Financial Group and certain laws and regulations may prevent or make more difficult certain transactions, including a sale or merger of new SI Financial Group.

Provisions of the articles of incorporation and bylaws of new SI Financial Group, state corporate law and federal banking regulations may make it more difficult for companies or persons to acquire control of new SI Financial Group. As a result, our shareholders may not have the opportunity to participate in such a transaction and the trading price of our common stock may not rise to the level of other institutions that are more vulnerable to hostile takeovers. The factors that may discourage takeover attempts or make them more difficult include:

Articles of incorporation and bylaws. Provisions of the articles of incorporation and bylaws of new SI Financial Group may make it more difficult and expensive to pursue a takeover attempt that the Board of Directors opposes. Some of these provisions currently exist in the charter and bylaws of SI Financial Group. These provisions also make more difficult the removal of current directors or management, or the election of new directors. These provisions include:

A limitation on voting rights. Our articles of incorporation provide that in no event will any record owner of any outstanding common stock which is beneficially owned, directly or indirectly, by a person who beneficially owns in excess of 10% of the outstanding shares of common stock, be entitled, or permitted to any vote in respect of the shares held in excess of the limit.

A classified board. Our board of directors is divided into three classes as nearly as equal in number as possible. The shareholders elect one class of directors each year for a term of three years. The classified board provision is designed to afford anti-takeover protection by making it more difficult and time consuming for a shareholder group to fully use its voting power to gain control of the board of directors at a single annual meeting of shareholders without the consent of the incumbent board of directors of new SI Financial Group.

Advance notice provisions for shareholder nominations and proposals. Our bylaws establish an advance notice procedure for shareholders to nominate directors or bring other business before an annual meeting of shareholders. A person may not be nominated for election as a director unless that person is nominated by or at the direction of our board of directors or by a shareholder who has given appropriate notice to us before the meeting. Similarly, a shareholder may not bring business before an annual meeting unless the shareholder has given us appropriate notice of the shareholder s intention to bring that business before the meeting. Advance notice of nominations or proposed business by shareholders gives our board of directors time to consider the qualifications of the proposed nominees, the merits of the proposals and, to the extent deemed necessary or desirable by our board of directors, to inform shareholders and make recommendations about those matters.

Director qualifications. Our bylaws provide for director qualifications, including age and integrity requirements, which may prevent shareholders from nominating themselves or persons of their choosing for election to the board of directors.

Limitations on calling special meetings of shareholders. Our shareholders must act only through an annual or special meeting. Special meetings of shareholders may only be called by the Chairman, the President, by two-thirds of the total number of directors or by the Secretary upon the written request of the holders of a majority of all the shares entitled to vote at a meeting. The limitations on the calling of special meetings of shareholders may have the effect of delaying consideration of a shareholder proposal until the next annual meeting.

Elimination of cumulative voting. Our articles of incorporation provide that no shares will be entitled to cumulative voting. The elimination of cumulative voting may afford anti-takeover protection by preventing a shareholder from electing nominees opposed by the board of directors of new SI Financial Group.

Limitations on filling of board vacancies and removal of directors. Our bylaws provide that any vacancy occurring in the board of directors, including a vacancy created by an increase in the number of directors, may be filled only by a vote of a majority of the directors then in office. A person elected to fill a vacancy on the board of directors will serve for the remainder of the full term of the class of directors in which the vacancy occurred and until his or her successor shall have been elected and qualified. Our bylaws provide that a director may be removed from the board of directors before the expiration of his or her term only for cause and only upon the vote of a majority of the shares entitled to vote in the election of directors. These provisions make it more difficult for shareholders to remove directors and replace them with their own nominees.

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Supermajority voting requirement for the amendment of our articles of incorporation. Our articles of incorporation provide that certain amendments to our articles of incorporation relating to a change in control of us must be approved by at least 75% of the outstanding shares entitled to vote.

Supermajority voting requirement for the amendment of our bylaws. Our articles of incorporation provide that our bylaws may not be adopted, repealed, altered, amended or rescinded by shareholders except by the affirmative vote of the holders of at least 75% of the voting stock.

Authorized but unissued shares of capital stock. Following the offering, we will have authorized but unissued shares of common and preferred stock. Our articles of incorporation authorize the board of directors to establish one or more series of preferred stock and, for any series of preferred stock, to determine the terms and rights of the series, including voting rights, dividend rights, conversion and redemption rates, and liquidation preferences. Such shares of common and preferred stock could be issued by the board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise.

Maryland anti-takeover statute. Under Maryland law, any person who acquires more than 10% of a Maryland corporation without prior approval of its Board of Directors is prohibited from engaging in any type of business combination with the corporation for a five-year period. Any business combination after the five-year period would be subject to supermajority shareholder approval or minimum price requirements.

Office of Thrift Supervision regulations. Office of Thrift Supervision regulations prohibit, for three years following the completion of a mutual-to-stock conversion, including a second-step conversion, the offer to acquire or the acquisition of more than 10% of any class of equity security of a converted institution without the prior approval of the Office of Thrift Supervision. See *Restrictions on Acquisition of New SI Financial Group*.

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A Warning About Forward-Looking Statements

This proxy statement/prospectus contains forward-looking statements, which can be identified by the use of words such as believes, expects, anticipates, estimates or similar expressions. Forward-looking statements include, but are not limited to:

- statements of our goals, intentions and expectations;
- statements regarding our business plans, prospects, growth and operating strategies;
- statements regarding the quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are subject to significant risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the following factors:

- general economic conditions, either nationally or in our market area, that are worse than expected;
- changes in the interest rate environment that reduce our interest margins or reduce the fair value of financial instruments;
- increased competitive pressures among financial services companies;
- changes in consumer spending, borrowing and savings habits;
- legislative or regulatory changes that adversely affect our business;
- adverse changes in the securities markets; and
- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies or the Financial Accounting Standards Board.

Any of the forward-looking statements that we make in this proxy statement/prospectus and in other public statements we make may later prove incorrect because of inaccurate assumptions, the factors illustrated above or other factors that we cannot foresee. Consequently, no forward-looking statement can be guaranteed.

Further information on other factors that could affect us are included in the section captioned *Risk Factors*.

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Selected Consolidated Financial and Other Data

The summary financial information presented below is derived in part from our consolidated financial statements. The following is only a summary and you should read it in conjunction with the consolidated financial statements and notes beginning on page F-1. The information at December 31, 2009 and 2008 and for the years ended December 31, 2009, 2008 and 2007 is derived in part from the audited consolidated financial statements that appear in this proxy statement/prospectus. The information presented below does not include the financial condition, results of operations or other data of SI Bancorp, MHC. The information at June 30, 2010 and 2009 and for the six months ended June 30, 2010 and 2009 was not audited, but in the opinion of management, reflects all adjustments necessary for a fair presentation. All of these adjustments are normal and recurring. The results of operations for the six months ended June 30, 2010 are not necessarily indicative of results of operations that may be expected for the year ended December 31, 2010.

	At or For the Six Months Ended June 30,		At or For the Years Ended December 31,				
	2010	2009	2009	2008	2007	2006	2005
	(Dollars in thousands, except per share data)						
Selected Financial Condition Data:							
Total assets	$ 889,435	$ 872,705	$ 872,354	$ 853,122	$ 790,198	$ 757,037	$ 691,868
Cash and cash equivalents	46,093	27,969	24,204	23,203	20,669	26,108	25,946
Securities available for sale	182,210	165,814	183,562	162,699	141,914	119,508	120,019
Loans receivable, net	606,514	627,315	607,692	617,263	587,538	574,111	513,775
Deposits (1)	676,781	652,752	662,378	624,276	551,772	541,922	512,282
Federal Home Loan Bank advances	114,169	128,600	116,100	139,600	141,619	111,956	87,929
Junior subordinated debt owed to unconsolidated trust	8,248	8,248	8,248	8,248	8,248	15,465	7,217
Total shareholders equity	81,160	75,473	77,462	72,927	82,087	82,386	80,043
Selected Operating Data:							
Interest and dividend income	$ 20,267	$ 22,204	$ 43,385	$ 46,499	$ 43,347	$ 40,777	$ 33,905
Interest expense	7,309	9,882	18,861	22,459	21,783	18,261	12,131
Net interest income	12,958	12,322	24,524	24,040	21,564	22,516	21,774
Provision for loan losses	422	1,930	2,830	1,369	1,062	881	410
Net interest income after provision for loan losses	12,536	10,392	21,694	22,671	20,502	21,635	21,364
Noninterest income	5,550	4,815	10,181	3,136	9,378	8,258	6,310
Noninterest expense	16,302	16,039	31,405	30,040	27,928	25,959	22,588
Income (loss) before income tax provision (benefit)	1,784	(832)	470	(4,233)	1,952	3,934	5,086
Income tax provision (benefit)	578	(269)	35	(1,360)	540	1,156	1,689
Net income (loss)	$ 1,206	$ (563)	$ 435	$ (2,873)	$ 1,412	$ 2,778	$ 3,397
Basic income (loss) per share	$ 0.11	$ (0.05)	$ 0.04	$ (0.25)	$ 0.12	$ 0.24	$ 0.28
Diluted income (loss) per share	$ 0.11	$ (0.05)	$ 0.04	$ (0.25)	$ 0.12	$ 0.23	$ 0.28

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	At or For the Six Months Ended June 30, 2010	2009	At or For the Years Ended December 31, 2009	2008	2007	2006	2005
Performance Ratios:							
Return (loss) on average assets	0.28%	(0.13)%	0.05%	(0.34)%	0.18%	0.38%	0.52%
Return (loss) on average equity	3.04	(1.54)	0.58	(3.71)	1.71	3.44	4.19
Interest rate spread (2)	2.91	2.74	2.67	2.61	2.47	2.81	3.19
Net interest margin (3)	3.15	3.04	2.98	3.00	2.98	3.26	3.56
Noninterest expenses to average assets	3.73	3.75	3.61	3.55	3.66	3.56	3.47
Dividend payout ratio (4)	11.19	(32.15)	41.61	(25.63)	57.61	27.98	13.98
Efficiency ratio (5)	89.77	94.16	90.64	88.72	90.57	83.58	80.60
Average interest-earning assets to average interest-bearing liabilities	113.52	112.77	113.28	113.83	117.02	117.07	118.38
Average equity to average assets	9.09	8.55	8.68	9.16	10.88	11.07	12.45
Capital Ratios:							
Total shareholders equity to total assets	9.12	8.65	8.88	8.55	10.39	10.88	11.57
Total capital ratio	14.84	14.34	14.30	13.32	15.21	15.84	16.79
Tier 1 risk-based capital ratio	13.91	13.37	13.36	12.33	14.37	14.86	15.87
Tier 1 capital ratio	8.08	8.01	8.02	7.59	8.75	8.97	9.31
Asset Quality Ratios:							
Nonperforming assets to total assets	0.68	1.04	0.77	1.09	1.08	0.18	0.08
Nonperforming loans to total loans	0.70	1.36	0.49	1.50	1.29	0.24	0.05
Allowance for loan losses as a percent of total loans	0.80	0.79	0.80	0.97	0.89	0.76	0.71
Allowance for loan losses as a percent of nonperforming loans	114.32	57.92	162.65	64.83	68.72	313.58	1,529.58
Net (charge-offs) recoveries to average outstanding loans during the year	(0.14)	(0.96)	(0.64)	(0.09)	(0.03)	(0.03)	0.01
Other Data:							
Number of full-service offices	21	21	21	21	20	19	17
Full-time equivalent employees	256	264	263	263	241	241	227

(1) Includes mortgagors and investors escrow accounts.
(2) Represents the difference between the weighted-average yield on average interest-earning assets and the weighted-average cost of interest-bearing liabilities.
(3) Represents net interest income as a percent of average interest-earning assets.
(4) Dividends paid divided by basic net income.
(5) Represents noninterest expense divided by the sum of net interest income and noninterest income, excluding gains or losses on the sale of securities and other-than-temporary impairment on securities.

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Recent Developments

The following tables contain certain information concerning the financial position and results of operations of SI Financial Group. The information at September 30, 2010 and for the three and nine month periods ended September 30, 2010 and 2009 was not audited, but in the opinion of management, reflects all adjustments necessary for a fair presentation. All of these adjustments are normal and recurring. The information at December 31, 2009 is derived in part from the audited consolidated financial statements that appear in this proxy statement/prospectus. The results of operations for the three and nine months ended September 30, 2010 are not necessarily indicative of the results of operations that may be expected for the entire year.

(Dollars in thousands, except per share amounts)	At September 30, 2010 (Unaudited)	At December 31, 2009
Financial Condition Data:		
Total assets	$ 890,318	$ 872,354
Cash and cash equivalents	51,858	24,204
Securities	182,162	191,950
Loans receivable, net	604,609	607,692
Deposits (1)	675,994	662,378
Federal Home Loan Bank advances	114,169	116,100
Junior subordinated debt owned to unconsolidated trust	8,248	8,248
Total stockholders equity	81,905	77,462

	Three Months Ended September 30, 2010	2009	Nine Months Ended September 30, 2010	2009
	(Unaudited)		(Unaudited)	
Operating Data:				
Interest and dividend income	$ 9,876	$ 10,723	$ 30,143	$ 32,927
Interest expense	3,357	4,681	10,666	14,563
Net interest income	6,519	6,042	19,477	18,364
Provision for loan losses	270	700	692	2,630
Net interest income after provision for loan losses	6,249	5,342	18,785	15,734
Noninterest income	2,525	2,684	8,075	7,499
Noninterest expenses	7,674	7,607	23,976	23,646
Income (loss) before income tax provision (benefit)	1,100	419	2,884	(413)
Income tax provision (benefit)	262	41	840	(228)
Net income (loss)	$ 838	$ 378	$ 2,044	$ (185)
Per Share Data:				
Earnings (loss) per share, basic	$ 0.07	$ 0.03	$ 0.18	$ (0.02)
Earnings (loss) per share, diluted	$ 0.07	$ 0.03	$ 0.18	$ (0.02)
Dividends	$ 0.03	$	$ 0.06	$ 0.04

	Three Months Ended September 30, 2010	2009	Nine Months Ended September 30, 2010	2009
Performance Ratios (2):				
Return (loss) on average assets	0.37%	0.17%	0.31%	(0.03)%

Return (loss) on average equity	4.05	1.97	3.38	(0.33)
Interest rate spread (3)	2.85	2.61	2.89	2.69
Net interest margin (4)	3.08	2.91	3.13	3.00
Noninterest expense to average assets	3.42	3.45	3.62	3.65
Dividend payout ratio (5)	16.11		13.21	(97.84)
Efficiency ratio (6)	85.20	85.93	88.26	91.35
Average interest-earning assets to average interest-bearing liabilities	114.43	113.38	113.80	112.98
Average equity to average assets	9.20	8.72	9.12	8.61

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	At or For Nine Months Ended September 30, 2010	2009
Capital Ratios:		
Total shareholders equity to total assets	9.20%	8.87%
Total capital ratio	14.96	13.59
Tier 1 risk-based capital ratio	13.99	12.67
Tier 1 capital ratio	8.08	8.02
Asset Quality Ratios:		
Nonperforming assets as percent of total assets	0.73	0.89
Nonperforming loans as a percent of total loans	0.68	1.09
Nonperforming assets and troubled debt restructurings to total assets	1.01	0.90
Allowance for loan losses as a percent of total loans	0.81	0.88
Allowance for loan losses as a percent of nonperforming loans	118.73	80.80
Net charge-offs to average outstanding loans during the period	(0.13)	(0.69)

(1) Includes mortgagors and investors escrow accounts.
(2) Performance ratios are annualized.
(3) Represents the difference between the weighted average yield on average interest-earning assets and the weighted average cost of interest-bearing liabilities.
(4) Represents net interest income as a percentage of average interest-earning assets.
(5) Dividends paid by basic net income.
(6) Represents noninterest expenses divided by the sum of net interest income and noninterest income, excluding gains or losses on the sale of securities and other-than-temporary impairment on securities.

Comparison of Financial Condition at September 30, 2010 and December 31, 2009

Total assets increased $17.9 million, or 2.1%, to $890.3 million at September 30, 2010 from $872.4 million at December 31, 2009, principally due to increases of $27.7 million in cash and cash equivalents and $6.7 million in loans held for sale, offset by decreases of $9.8 million in securities, $3.1 million in net loans receivable, $1.4 million in other real estate owned, $806,000 in net deferred tax assets, $782,000 in premises and equipment and $734,000 in prepaid Federal Deposit Insurance Corporation deposit insurance assessment. Cash and cash equivalents increased as a result of an increase in deposits and security sales. The sale of mortgage-backed securities and U.S. government and agency obligations contributed to the decline in securities. A decline in loan originations and an increase in residential mortgage loan sales contributed to the decrease in net loans receivable. Total loan originations decreased $42.8 million, or 34.1%, during 2010 versus the comparable period in 2009 due to reduced demand and more stringent underwriting standards as a result of adverse economic conditions. Lower loan originations were offset by the purchase of $29.3 million in United States Department of Agriculture and Small Business Administration loans that are fully guaranteed by the U.S. government. SI Financial Group obtained ownership of one commercial and six residential properties with an aggregate net carrying value of $1.6 million, which resulted in an increase in other real estate owned, offset by the sale of five residential and two commercial properties at a net loss aggregating $48,000. As September 30, 2010, troubled debt restructurings totaled $3.5 million, of which $2.6 million was still accruing. The increase in net unrealized gains on available for sale securities resulted in a decrease in net deferred tax assets. Accumulated depreciation and amortization expense contributed to the decrease in premises and equipment at September 30, 2010.

Total liabilities were $808.4 million at September 30, 2010 compared to $794.9 million at December 31, 2009. Deposits, excluding escrow accounts, increased $15.5 million, or 2.4%, which included increases in NOW and money market accounts of $26.3 million and savings accounts of $1.5 million, offset by decreases in certificates of deposit of $11.6 million and noninterest-bearing deposits of $699,000. Deposit growth was attributable to marketing and promotional initiatives and competitively-priced deposit products. Borrowings decreased $1.9 million from $124.3 million at December 31, 2009 to $122.4 million at September 30, 2010, resulting from net repayments of Federal Home Loan Bank advances.

Total stockholders equity increased $4.4 million from $77.5 million at December 31, 2009 to $81.9 million at September 30, 2010. The increase in stockholders equity was attributable to an increase in net unrealized gains on securities aggregating $2.6 million (net of taxes) and earnings of $2.0 million, offset by dividends of $250,000.

Comparison of Operating Results for the Three and Nine Months Ended September 30, 2010 and September 30, 2009

General. SI Financial Group reported net income of $838,000 for the three months ended September 30, 2010, an increase of $460,000, compared to net income of $378,000 for the three months ended September 30, 2009. SI Financial

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Group reported net income of $2.0 million for the nine months ended September 30, 2010, an increase of $2.2 million, compared to a net loss of $185,000 for the nine months ended September 30, 2009. The increase in net income was due to an increase in net interest income, a decrease in the provision for loan losses and for the nine-month period, an increase in noninterest income, offset by increases in the provision for income taxes and noninterest expenses.

Interest and Dividend Income. For the three months ended September 30, 2010, interest and dividend income decreased $847,000, or 7.9%, to $9.9 million due to lower yields earned on interest-earning assets and a decrease in the average balance of loans, offset by an increase in the average balance of securities and other interest-earning assets. The yield on interest-earning assets decreased 50 basis points to 4.66%. SI Financial Group experienced declines in the average balance of loans of $19.4 million and the yield on loans of 15 basis points. The average balance of securities rose $13.3 million, offset a decrease in the yield of 106 basis points. For the nine months ended September 30, 2010, interest and dividend income decreased $2.8 million, or 8.5%, to $30.1 million due to a lower yield earned on interest-earnings assets and a decrease in the average balance of loans, offset by an increase in the average balance of securities and other interest-earning assets. The yield on interest-earning assets decreased 53 basis points to 4.84%, with the yield on securities contributing the largest decrease of 122 basis points to 3.41%. SI Financial Group experienced declines in the average balance of loans of $19.0 million and the yield on loans of 19 basis points. The decrease in yields were due to lower market interest rates.

Interest Expense. For the three months ended September 30, 2010, interest expense decreased $1.3 million due to lower rates paid on deposits and borrowings and a $13.0 million decrease in the average balance of Federal Home Loan Bank advances, offset by an increase in the average balance of interest-bearing deposits of $19.6 million. Rates paid on average deposits decreased 74 basis points from 2.21% to 1.47%. The rates paid on Federal Home Loan Bank advances and subordinated debt decreased 52 basis points and 14 basis points, respectively. Interest expense decreased $3.9 million for the nine months ended September 30, 2010 versus the comparable period of 2009, resulting from decreases in the rates paid on deposits and borrowings and a $19.4 million decrease in the average balance of Federal Home Loan Bank advances, offset by an increase in the average balance of interest-bearing deposits of $25.9 million. Rates paid on average deposits decreased 71 basis points from 2.33% to 1.62%. The rates paid on Federal Home Loan Bank advances and subordinated debt decreased 56 basis points and 86 basis points, respectively. Contributing to the higher average deposits was an increase in predominately NOW and money market accounts of $36.1 million, offset by a decrease of $12.1 million in certificates of deposit.

Provision for Loan Losses. The provision for loan losses decreased $430,000 and $1.9 million for the three and nine months ended September 30, 2010, respectively, compared to the same periods in the prior year. The lower provision in 2010 resulted from declines in nonperforming loans and net loan charge-offs, predominately in commercial real estate loans. At September 30, 2010, nonperforming loans totaled $4.2 million, compared to $6.7 million at September 30, 2009. Specific loan loss allowances relating to nonperforming loans decreased to $449,000 at September 30, 2010, compared to $721,000 at September 30, 2009. Net loan charge-offs were $152,000 and $587,000 for the three and nine months ended September 30, 2010, respectively, compared to $272,000 and $3.2 million for the three and nine months ended September 30, 2009, respectively. Higher loan charge-offs for the nine months ended September 30, 2009 primarily related to two commercial construction relationships aggregating $2.3 million.

Noninterest Income. The following table shows the components of noninterest income and the dollar and percentage changes for the periods presented.

	Three Months Ended September 30,				Nine Months Ended September 30,			
(Dollars in thousands)	**2010**	**2009**	**Dollar Change**	**Percent Change**	**2010**	**2009**	**Dollar Change**	**Percent Change**
Service fees	$ 1,248	$ 1,291	$ (43)	(3.3)%	$ 3,825	$ 3,739	$ 86	2.3%
Wealth management fees	1,011	983	28	2.8	3,065	2,910	155	5.3
Increase in cash surrender value of bank-owned life insurance	73	74	(1)	(1.4)	216	220	(4)	(1.8)
Net gain (loss) on sale of securities	197	(127)	324	(255.1)	878	127	751	591.3
Net impairment losses recognized in earnings	(160)		(160)	n/a	(492)	(150)	(342)	228.0
Mortgage banking fees	221	181	40	22.1	576	519	57	11.0
Net (loss) gain on sale of equipment	(5)	(5)			(5)	99	(104)	(105.1)
Other	(60)	287	(347)	(120.9)	12	35	(23)	(65.7)
Total noninterest income	$ 2,525	$ 2,684	$ (159)	(5.9)%	$ 8,075	$ 7,499	$ 576	7.7%

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Wealth management fees rose $28,000 and $155,000, resulting from an increase in trust service fees for the three and nine months ended September 30, 2010, respectively, compared to the same periods in 2009. Service fees increased $86,000 for the first nine months of 2010 primarily due to higher electronic banking usage, despite a decline of $43,000 from the comparable quarter in 2009. SI Financial Group recorded other-than-temporary impairment charges on one non-agency mortgage-backed security totaling $160,000 and $492,000 for the three and nine months ended September 30, 2010, respectively, compared to $0 and $150,000 for the three and nine months ended September 30, 2009, respectively. Higher other noninterest income for the third quarter of 2009 reflected $291,000 in death benefit proceeds received from a bank-owned life insurance policy. Other noninterest income for the nine months ended September 30, 2010 was offset by impairment charges of $12,000 to reduce the carrying value in Savings Institute s small business investment company limited partnerships, compared to impairment charges of $383,000 for the same period in 2009.

Noninterest Expenses. The following table shows the components of noninterest expenses and the dollar and percentage changes for the periods indicated.

	Three Months Ended September 30,				Nine Months Ended September 30,			
(Dollars in thousands)	**2010**	**2009**	**Dollar Change**	**Percent Change**	**2010**	**2009**	**Dollar Change**	**Percent Change**
Salaries and employee benefits	$ 3,684	$ 3,777	$ (93)	(2.5)%	$ 11,895	$ 11,979	$ (84)	(0.7)%
Occupancy and equipment	1,433	1,376	57	4.1	4,197	4,182	15	0.4
Computer and electronic banking services	958	941	17	1.8	2,852	2,564	288	11.2
Outside professional services	210	235	(25)	(10.6)	746	704	42	6.0
Marketing and advertising	179	215	(36)	(16.7)	569	624	(55)	(8.8)
Supplies	112	119	(7)	(5.9)	377	401	(24)	(6.0)
FDIC deposit insurance and regulatory assessments	321	333	(12)	(3.6)	989	1,205	(216)	(17.9)
Other	777	611	166	27.2	2,351	1,987	364	18.3
Total noninterest expenses	$ 7,674	$ 7,607	$ 67	0.9%	$ 23,976	$ 23,646	$ 330	1.4%

Salary expense and related payroll taxes were lower for 2010 compared to 2009 due to reduced staffing. For both the three and nine months ended September 30, 2010, SI Financial Group experienced increases in costs associated with other real estate owned and in computer and electronic banking services expense as result of increased telecommunications costs and transaction activity. Noninterest expenses for 2009 reflected an FDIC-imposed industry-wide 5 basis point special assessment of $393,000 and prepayment penalties totaling $111,000 for the early extinguishment of Federal Home Loan Bank borrowings.

Income Tax Provision. For the three and nine months ended September 30, 2010, the provision for income taxes increased $221,000 and $1.1 million, respectively, versus the comparable period in 2009. The increase in the provision was due to higher pre-tax net income, offset by a reduction in SI Financial Group s valuation allowance of $90,000 related to the expiration of unrealized federal charitable contribution and capital loss carry-forwards. The effective tax rate was 23.8% and 29.1% for the three and nine months ended September 30, 2010, respectively. The effective tax rate was 9.8% and 55.2% for the three and nine months ended September 30, 2009, respectively. The lower effective tax rate for the three months ended September 30, 2009 was due to lower pre-tax net income and a non-taxable gain on bank-owned life insurance proceeds.

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Special Meeting of SI Financial Group Shareholders

Date, Place, Time and Purpose

SI Financial Group s board of directors is sending you this document to request that you allow your shares of SI Financial Group to be represented at the special meeting by the persons named in the enclosed proxy card. At the special meeting, the SI Financial Group board of directors will ask you to vote on a proposal to approve the plan of conversion. You will also be asked to vote on informational provisions regarding new SI Financial Group s articles of incorporation and a proposal to approve a cash contribution of up to $500,000 to our charitable foundation. You also may be asked to vote on a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the meeting to approve the plan of conversion and/or the contribution to the charitable foundation. The special meeting will be held at the Savings Institute Bank and Trust Company Training Center, 579 North Windham Road, Willimantic, Connecticut, at 1:00 p.m., Eastern time, on December 23, 2010.

Who Can Vote at the Meeting

You are entitled to vote your SI Financial Group common stock if our records show that you held your shares as of the close of business on November 1, 2010. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your broker or nominee. As the beneficial owner, you have the right to direct your broker or nominee how to vote.

As of the close of business on November 1, 2010, there were 11,777,496 shares of SI Financial Group common stock outstanding. Each share of common stock has one vote. SI Financial Group s articles of incorporation provide that a record owner of SI Financial Group common stock (other than SI Bancorp, MHC) who beneficially owns, either directly or indirectly, in excess of 10% of SI Financial Group s outstanding shares, is not entitled to vote the shares held in excess of the 10% limit.

Attending the Meeting

If you are a shareholder as of the close of business on November 1, 2010, you may attend the meeting. However, if you hold your shares in street name, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or a letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of SI Financial Group common stock held in street name in person at the meeting, you will have to get a written proxy in your name from the broker, bank or other nominee who holds your shares.

Vote Required

The special meeting will be held only if there is a quorum. A quorum exists if a majority of the outstanding shares of common stock entitled to vote, represented in person or by proxy, is present at the meeting. If you return valid proxy instructions or attend the meeting in person, your shares will be counted to determine whether there is a quorum, even if you abstain from voting. Broker non-votes also will be counted to determine the existence of a quorum. A broker non-vote occurs when a broker, bank or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

Proposal 1: Approval of the Plan of Conversion. To be approved, the plan of conversion requires the affirmative vote of at least two-thirds of the outstanding shares of SI Financial Group common stock, including the shares held by SI Bancorp, MHC, *and* the affirmative vote of a majority of votes eligible to be cast at the meeting, excluding shares of SI Bancorp, MHC. Abstentions and broker non-votes will have the same effect as a vote against the plan of conversion.

Informational Proposals 2a and 2b: Approval of Certain Provisions in New SI Financial Group s Articles of Incorporation. While we are asking you to vote with respect to each of the informational proposals, the proposed provisions for which an informational vote is requested will become effective if shareholders approve the plan of conversion, regardless of whether shareholders vote to approve any or all of the informational proposals.

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

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Proposal 4: Approval of the Adjournment of the Special Meeting. We must obtain the affirmative vote of the majority of the votes cast by holders of outstanding shares of SI Financial Group common stock to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the proposal to approve the plan of conversion and/or the contribution to the charitable foundation.

Shares Held by SI Bancorp, MHC and Our Officers and Directors

As of November 1, 2010, SI Bancorp, MHC beneficially owned 7,286,975 shares of SI Financial Group common stock. This equals 61.9% of our outstanding shares. SI Bancorp, MHC intends to vote all of its shares in favor of the plan of conversion and the contribution to the charitable foundation.

As of November 1, 2010, our officers and directors beneficially owned 298,783 shares of SI Financial Group common stock, not including shares that they may acquire upon the exercise of outstanding stock options. This equals 2.5% of our outstanding shares and 6.7% of shares held by persons other than SI Bancorp, MHC.

Shares Held by the SI Financial Group Foundation

As of November 1, 2010, the SI Financial Group Foundation held 214,653 shares of SI Financial Group common stock. The foundation must vote its shares in the same proportion as all other shares voted on the proposal to approve the plan of conversion.

Voting by Proxy

Our board of directors is sending you this proxy statement to request that you allow your shares of SI Financial Group common stock to be represented at the special meeting by the persons named in the enclosed proxy card. All shares of SI Financial Group common stock represented at the meeting by properly executed and dated proxies will be voted according to the instructions indicated on the proxy card. If you sign, date and return a proxy card without giving voting instructions, your shares will be voted as recommended by our board of directors. Our board of directors recommends that you vote **FOR** approval of the plan of conversion and reorganization, **FOR** each of the Informational Proposals 2a and 2b, **FOR** approval of the contribution of our charitable foundation and **FOR** approval of the adjournment of the special meeting.

If any matters not described in this proxy statement are properly presented at the special meeting, the persons named in the proxy card will use their judgment to determine how to vote your shares. We do not know of any other matters to be presented at the special meeting.

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

If your SI Financial Group common stock is held in street name, you will receive instructions from your broker, bank or other nominee that you must follow to have your shares voted. Your broker, bank or other nominee may allow you to deliver your voting instructions via the telephone or the Internet. Please see the instruction form provided by your broker, bank or other nominee that accompanies this proxy statement/prospectus.

Solicitation of Proxies

SI Financial Group will pay for this proxy solicitation. In addition to soliciting proxies by mail, directors, officers and employees of SI Financial Group may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies. SI Financial Group will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions. SI Financial Group has retained Phoenix Advisory Partners, a proxy solicitation firm, and has agreed to pay them a fee of $5,000 for shareholder solicitation services plus reasonable out-of-pocket expenses and charges for telephone calls made and received in connection with this solicitation.

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

If you participate in the ESOP or the Equity Incentive Plan or if you invest in SI Financial Group common stock through the SI Financial Group Stock Fund in our 401(k) Plan, you will receive a vote authorization form for each plan that reflects all shares you may direct the trustees to vote on your behalf under the respective plans. Under the terms of the ESOP, all allocated shares of SI Financial Group common stock held by the ESOP are voted by the ESOP trustee, as directed by plan participants. All unallocated shares of SI Financial Group common stock held by the ESOP and all allocated shares for which no timely voting instructions are received are voted by the ESOP trustee in the same proportion as shares for which the trustee has received timely voting instructions from other ESOP participants, subject to the exercise of its fiduciary duties. Under the terms of the 401(k) Plan, a participant may direct the trustee how to vote the shares in the SI Financial Group Stock Fund credited to his or her account. The trustee will vote all shares for which it does not receive timely instructions from participants in the same proportion as shares for which the trustee received voting instructions from other 401(k) Plan participants. Under the Equity Incentive Plan, participants may direct the trustee how to vote their unvested restricted stock awards. The trustee will vote all shares held in the trust for which it does not receive timely instructions as directed by SI Financial Group. The deadline for returning your voting instructions is December 13, 2010.

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Proposal 1 Approval of the Plan of Conversion

This conversion is being conducted pursuant to a plan of conversion approved by the boards of directors of SI Bancorp, MHC, SI Financial Group and Savings Institute. The Office of Thrift Supervision has conditionally approved the plan of conversion; however, such approval does not constitute a recommendation or endorsement of the plan of conversion by such agency.

General

On September 9, 2010, the boards of directors of SI Bancorp, MHC, SI Financial Group and Savings Institute adopted the plan of conversion. The second-step conversion that we are now undertaking involves a series of transactions by which we will convert our organization from the partially public mutual holding company form to the fully public stock holding company structure. Under the plan of conversion, Savings Institute will convert from the mutual holding company form of organization to the stock holding company form of organization and become a wholly owned subsidiary of new SI Financial Group, a newly formed Maryland corporation. Shareholders of SI Financial Group at the closing of the conversion, other than SI Bancorp, MHC, will receive shares of new SI Financial Group common stock in exchange for their shares of SI Financial Group common stock. Following the conversion and offering, SI Financial Group and SI Bancorp, MHC will no longer exist.

The conversion to a stock holding company structure also includes the offering by new SI Financial Group of its common stock to eligible depositors of Savings Institute in a subscription offering and, if necessary, to members of the general public through a community offering and/or a syndicate of registered broker-dealers. The amount of capital being raised in the offering is based on an independent appraisal of new SI Financial Group. Most of the terms of the offering are required by the regulations of the Office of Thrift Supervision.

Consummation of the conversion and offering requires the approval of the Office of Thrift Supervision. In addition, pursuant to Office of Thrift Supervision regulations, consummation of the conversion and offering and the contribution to the charitable foundation are each conditioned upon approval by (1) at least a majority of the total number of votes eligible to be cast by depositors of Savings Institute, (2) the holders of at least two-thirds of the outstanding shares of SI Financial Group common stock and (3) the holders of at least a majority of the outstanding shares of common stock of SI Financial Group, excluding shares held by SI Bancorp, MHC.

The Office of Thrift Supervision approved our plan of conversion, subject to, among other things, approval of the plan of conversion by SI Bancorp, MHC s members (depositors of Savings Institute) and SI Financial Group s shareholders. Meetings of SI Bancorp, MHC s members and SI Financial Group s shareholders have been called for this purpose on December 23, 2010.

Funds received before completion of the subscription and community offerings will be maintained in a segregated account at Savings Institute. If we fail to receive the necessary shareholder or member approval, or if we cancel the conversion and offering for any reason, orders for common stock already submitted will be cancelled, subscribers funds will be returned promptly, with interest calculated at Savings Institute s passbook savings rate, and all deposit account withdrawal holds will be cancelled. We will not make any deduction from the returned funds for the costs of the offering.

The following is a brief summary of the pertinent aspects of the conversion and offering. A copy of the plan of conversion is available from SI Financial Group upon request and is available for inspection at each banking office of Savings Institute and at the Office of Thrift Supervision. The plan of conversion is also filed as an exhibit to the registration statement, of which this proxy statement/prospectus forms a part, that new SI Financial Group has filed with the Securities and Exchange Commission. See *Where You Can Find More Information*.

The board of directors recommends that you vote **FOR** the adoption of the plan of conversion.

Reasons for the Conversion and Offering

After considering the advantages and disadvantages of the conversion and offering, the boards of directors of SI Bancorp, MHC, SI Financial Group and Savings Institute approved the conversion and offering as being in the best interests of SI Financial Group and Savings Institute and their respective shareholders and customers. The board of directors concluded that the conversion and offering provide a number of advantages that will be important to our future growth and performance and that outweigh the disadvantages of the conversion and offering.

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The conversion and offering will result in the raising of additional capital that will support Savings Institute s future lending and operational growth and may also support the acquisition of other financial institutions or financial service companies or their assets. Although Savings Institute is categorized as well-capitalized and does not require additional capital, the board of directors has determined that opportunities for continued growth make pursuing the conversion and offering at this time desirable.

We expect that the larger number of shares that will be in the hands of public investors after completion of the conversion and offering will result in a more liquid and active trading market than currently exists for SI Financial Group common stock. A more liquid and active market would make it easier for investors to buy and sell our common stock.

After completion of the conversion and offering, the unissued common and preferred stock authorized by new SI Financial Group s articles of incorporation will permit us to raise additional capital through further sales of securities. Although SI Financial Group currently has the ability to raise additional capital through the sale of additional shares of SI Financial Group common stock, that ability is limited by the mutual holding company structure, which, among other things, requires that SI Bancorp, MHC hold a majority of the outstanding shares of SI Financial Group common stock.

As a fully converted stock holding company, we will have greater flexibility in structuring mergers and acquisitions, including the form of consideration paid in a transaction. Our current mutual holding company structure, by its nature, limits our ability to offer our common stock as consideration in a merger or acquisition because we cannot now issue stock in an amount that would cause SI Bancorp, MHC to own less than a majority of the outstanding shares of SI Financial Group. Our new stock holding company structure will enhance our ability to compete with other bidders when acquisition opportunities arise by better enabling us to offer stock or cash consideration, or a combination of the two.

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

If SI Financial Group had undertaken a conversion to fully public stock form in 2004 rather than a minority stock offering, applicable regulations would have required a greater amount of SI Financial Group common stock to be sold than the amount that was sold in the minority offering. If a standard conversion had been conducted in 2004, management of SI Financial Group believed that it would have been difficult to prudently invest the larger amount of capital that would have been raised, when compared to the net proceeds raised in connection with the minority offering. In addition, a conversion to stock form in 2004 would have immediately eliminated all aspects of the mutual form of organization.

The disadvantage of the conversion and offering considered by the board of directors is that operating in the stock holding company form of organization could subject Savings Institute to contests for corporate control. The board of directors determined that the advantages of the conversion and offering outweighed this disadvantage.

Description of the Conversion

New SI Financial Group has been incorporated under Maryland law as a first-tier wholly owned subsidiary of SI Financial Group. To effect the conversion, the following will occur:

- SI Bancorp, MHC will convert to stock form and simultaneously merge with and into SI Financial Group, with SI Financial Group as the surviving entity; and

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SI Financial Group will merge with and into new SI Financial Group, with new SI Financial Group as the surviving entity. As a result of the series of mergers described above, Savings Institute will become a wholly owned subsidiary of new SI Financial Group and the outstanding shares of SI Financial Group common stock held by persons other than SI Bancorp, MHC (*i.e.*, public shareholders) will be converted into a number of shares of new SI Financial Group common stock that will result in the holders of such shares owning in the aggregate approximately the same percentage of new SI Financial Group common stock to be outstanding upon the completion of the conversion and offering (*i.e.*, the common stock issued in the offering plus the shares issued in exchange for shares of SI Financial Group common stock) as the percentage of SI Financial Group common stock owned by them in the aggregate immediately before consummation of the conversion and offering before giving effect to (1) the payment of cash in lieu of issuing fractional exchange shares and (2) any shares of common stock purchased by public shareholders in the offering.

Share Exchange Ratio for Current Shareholders

Office of Thrift Supervision regulations provide that in a conversion from mutual holding company to stock holding company form, the public shareholders will be entitled to exchange their shares for common stock of the new stock holding company, provided that the mutual holding company demonstrates to the satisfaction of the Office of Thrift Supervision that the basis for the exchange is fair and reasonable. Under the plan of conversion, each publicly held share of SI Financial Group common stock will, on the effective date of the conversion and offering, be converted automatically into and become the right to receive a number of new shares of new SI Financial Group common stock. The number of new shares of common stock will be determined pursuant to an exchange ratio that ensures that the public shareholders of SI Financial Group common stock will own approximately the same percentage of common stock in new SI Financial Group after the conversion and offering as they held in SI Financial Group immediately before the conversion and offering, before giving effect to (1) the payment of cash in lieu of fractional shares and (2) their purchase of shares in the offering. At November 1, 2010, there were 11,777,496 shares of SI Financial Group common stock outstanding, of which 4,490,521 were held by persons other than SI Bancorp, MHC. The exchange ratio is not dependent on the market value of SI Financial Group common stock. It will be calculated based on the percentage of SI Financial Group common stock held by the public, the appraisal of SI Financial Group prepared by RP Financial and the number of shares sold in the offering.

The following table shows how the exchange ratio will adjust, based on the number of shares sold in the offering. The table also shows how many shares an owner of 100 shares of SI Financial Group common stock would receive in the exchange, based on the number of shares sold in the offering.

	Shares to be Sold In the Offering		Shares to be Exchanged for Existing Shares of SI Financial Group		Total Shares of Common Stock to be Outstanding	Exchange Ratio	Equivalent Per Share Value (1)	Equivalent Pro Forma Book Value Per Exchanged Share (2)	Shares to be Received for 100 Existing Shares (3)
	Amount	Percent	Amount	Percent					
Minimum	5,578,125	61.9%	3,437,460	38.1%	9,015,585	0.7655	$ 6.12	$ 9.70	76
Midpoint	6,562,500	61.9%	4,044,071	38.1%	10,606,571	0.9006	7.20	10.28	90
Maximum	7,546,875	61.9%	4,650,682	38.1%	12,197,557	1.0357	8.29	10.86	103
Maximum, as adjusted	8,678,906	61.9%	5,348,284	38.1%	14,027,190	1.1910	9.53	11.53	119

(1) Represents the value of shares of new SI Financial Group common stock received in the conversion by a holder of one share of SI Financial Group common stock at the exchange ratio, assuming a market price of $8.00 per share.
(2) Represents the pro forma tangible stockholders equity per share at each level of the offering range multiplied by the respective exchange ratio.
(3) Cash will be paid instead of issuing any fractional shares.

Outstanding options to purchase shares of SI Financial Group common stock will be converted into and become options to purchase new SI Financial Group common stock. The number of shares of common stock to be received upon exercise of these options and the related exercise price will be adjusted for the exchange ratio. The aggregate exercise price, duration and vesting schedule of these options will not be affected. At June 30, 2010, there were 496,750 outstanding options to purchase SI Financial Group common stock, of which 414,150 were exercisable.

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How We Determined the Offering Range and the $8.00 Purchase Price

Federal regulations require that the aggregate purchase price of the securities sold in connection with the offering be based upon our estimated pro forma market value after the conversion (*i.e.*, taking into account the expected receipt of proceeds from the sale of securities in the offering), as determined by an appraisal by an independent person experienced and expert in corporate appraisal. We have retained RP Financial, which is experienced in the evaluation and appraisal of business entities, to prepare the appraisal. RP Financial will receive fees totaling $90,000 for its appraisal report, plus $10,000 for each appraisal update (of which there will be at least one more) and reasonable out-of-pocket expenses. We have agreed to indemnify RP Financial under certain circumstances against liabilities and expenses, including legal fees, arising out of, related to, or based upon the offering. RP Financial has not received any other compensation from us in the past two years.

RP Financial prepared the appraisal taking into account the pro forma impact of the offering. For its analysis, RP Financial undertook substantial investigations to learn about our business and operations. We supplied financial information, including annual financial statements, information on the composition of assets and liabilities, and other financial schedules. In addition to this information, RP Financial reviewed our conversion application as filed with the Office of Thrift Supervision and our registration statement as filed with the Securities and Exchange Commission. Furthermore, RP Financial visited our facilities and had discussions with our management. RP Financial did not perform a detailed individual analysis of the separate components of our assets and liabilities. We did not impose any limitations on RP Financial in connection with its appraisal.

In connection with its appraisal, RP Financial reviewed the following factors, among others:

- the economic make-up of our primary market area;
- our financial performance and condition in relation to publicly traded, fully converted financial institution holding companies that RP Financial deemed comparable to us;
- the specific terms of the offering of our common stock;
- the pro forma impact of the additional capital raised in the offering;
- our proposed dividend policy;
- conditions of securities markets in general; and
- the market for thrift institution common stock in particular.

RP Financial s independent valuation also utilized certain assumptions as to the pro forma earnings of new SI Financial Group after the offering. These assumptions included estimated expenses, an assumed after-tax rate of return on the net offering proceeds, and expenses related to the stock-based benefit plans of new SI Financial Group, including the employee stock ownership plan and the new equity incentive plan. The employee stock ownership plan and new equity incentive plan are assumed to purchase 6.0% and 3.1%, respectively, of the shares of new SI Financial Group common stock sold in the offering. The new equity incentive plan is assumed to grant options to purchase the equivalent of 7.7% of the shares of new SI Financial Group common stock sold in the offering. See *Pro Forma Data* for additional information concerning these assumptions. The use of different assumptions may yield different results.

The independent appraisal also reflects the cash contribution to SI Financial Group Foundation. The cash contribution to the charitable foundation will not have a material effect on our estimated pro forma market value.

Consistent with Office of Thrift Supervision appraisal guidelines, RP Financial applied three primary methodologies to estimate the pro forma market value of our common stock: the pro forma price-to-book value approach applied to both reported book value and tangible book value; the pro forma price-to-earnings approach applied to reported and estimated core earnings; and the pro forma price-to-assets approach. The market value ratios applied in the three methodologies were based upon the current market valuations of a peer group of companies considered by RP Financial to be comparable to us, subject to valuation adjustments applied by RP Financial to account for differences between SI Financial Group and the peer group.

RP Financial believes that the price-to-earnings approach is generally the best indicator of long-term value for a stock and gives it the most significant weight among the three valuation approaches. The price-to-book value approach also serves

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as a valuable benchmark in the valuation of thrift stocks, particularly in the context of a conversion offering, as the earnings approach is limited by the assumptions it requires regarding the use of the proceeds. The price-to-assets approach is generally a less reliable indicator of market value and thus given less weight by RP Financial. This approach is also given less weight by investors. Also, this approach as set forth in the regulatory guidelines does not take into account the amount of stock purchases that are funded by deposit withdrawals, thus understating the price-to-assets ratio on a pro forma basis.

In applying each of the valuation methods, RP Financial considered adjustments to our pro forma market value based on a comparison of SI Financial Group with the peer group. RP Financial made slight downward adjustments for profitability, growth and viability of earnings and made a slight upward adjustment for financial condition. No adjustments were made for asset growth, primary market area, dividends, trading liquidity, regulatory matters or management.

The peer group is comprised of publicly traded thrifts all selected based on asset size, market area and operating strategy. In preparing its appraisal, RP Financial placed emphasis on the price-to-earnings and the price-to-book approaches and placed lesser emphasis on the price-to-assets approaches in estimating pro forma market value. The peer group consisted of ten publicly traded, fully converted, financial institution holding companies based in the northeastern region of the United States. The peer group included companies with:

- average assets of $1.1 billion;
- average nonperforming assets of 1.1% of total assets;
- average loans of 64.6% of total assets;
- average tangible equity of 10.4% of total assets; and
- average core income of 0.54% of average assets.

The appraisal peer group consists of companies listed below. Total assets are as of June 30, 2010.

Company Name and Ticker Symbol	Exchange	Headquarters	Total Assets (In millions)
Beacon Federal Bancorp, Inc. (BFED)	NASDAQ	East Syracuse, NY	$ 1,072
Central Bancorp, Inc. (CEBK)	NASDAQ	Somerville, MA	527
ESB Financial Corporation (ESBF)	NASDAQ	Ellwood City, PA	1,948
ESSA Bancorp, Inc. (ESSA)	NASDAQ	Stroudsburg, PA	1,067
Harleysville Savings Financial Corporation (HARL)	NASDAQ	Harleysville, PA	867
Hingham Institution for Savings (HIFS)	NASDAQ	Hingham, MA	972
New Hampshire Thrift Bancshares, Inc. (NHTB)	NASDAQ	Newport, NH	993
TF Financial Corporation (THRD)	NASDAQ	Newton, PA	721
United Financial Bancorp, Inc. (UBNK)	NASDAQ	West Springfield, MA	1,545
Westfield Financial, Inc. (WFD)	NASDAQ	Westfield, MA	1,235

RP Financial prepared a valuation dated August 26, 2010. RP Financial has advised us that the estimated pro forma market value, or valuation range, of our common stock, including shares sold in the offering and exchange shares, ranged from a minimum of $72.1 million to a maximum of $97.6 million, with a midpoint of $84.9 million. The aggregate offering price of the shares of common stock will be equal to the valuation range multiplied by the 61.9% ownership interest that SI Bancorp, MHC has in SI Financial Group. The number of shares offered will be equal to the aggregate offering price divided by the price per share. Based on the valuation range, the percentage of SI Financial Group common stock owned by SI Bancorp, MHC and the $8.00 price per share, the minimum of the offering range is 5,578,125 shares, the midpoint of the offering range is 6,562,500 shares, the maximum of the offering range is 7,546,875 shares and 15% above the maximum of the offering range is 8,678,906 shares. RP Financial will update its independent valuation before we complete our offering.

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The following table presents a summary of selected pricing ratios for the peer group companies and for all publicly traded thrifts and the resulting pricing ratios for new SI Financial Group reflecting the pro forma impact of the offering, as calculated by RP Financial in its appraisal report of August 26, 2010. Compared to the median pricing ratios of the peer group, SI Financial Group s pro forma pricing ratios at the maximum of the offering range indicated a discount of 15.1% on a price-to-book value basis and a discount of 22.1% on a price-to-tangible book value basis.

	Price to Earnings Multiple	**Price to Core Earnings Multiple**	**Price to Book Value Ratio**	**Price to Tangible Book Value Ratio**
New SI Financial Group (pro forma) (1):				
Minimum	32.71x	35.96x	60.74%	62.94%
Midpoint	38.43	42.24	67.57	69.87
Maximum	44.14	48.50	73.66	76.05
Maximum, as adjusted	50.68	55.68	79.92	82.39
Pricing ratios of peer group companies as of August 26, 2010 (2):				
Average	15.21x	15.83x	85.14%	93.10%
Median	12.02	11.48	86.74	97.68
All fully-converted, publicly traded thrifts as of August 26, 2010 (2):				
Average	18.32x	17.69x	69.82%	77.62%
Median	15.19	16.20	67.16	73.61

(1) Based on SI Financial Group financial data as of and for the twelve months ended June 30, 2010.
(2) Based on earnings for the twelve months ended June 30, 2010 and book value and tangible book value as of June 30, 2010.

Our board of directors reviewed RP Financial s appraisal report, including the methodology and the assumptions used by RP Financial, and determined that the offering range was reasonable and adequate. Our board of directors has decided to offer the shares for a price of $8.00 per share. The purchase price of $8.00 per share was determined by us, taking into account, among other factors, the market price of our stock before adoption of the plan of conversion, the requirement under Office of Thrift Supervision regulations that the common stock be offered in a manner that will achieve the widest distribution of the stock, and desired liquidity in the common stock after the offering. Our board of directors also established the formula for determining the exchange ratio. Based upon such formula and the offering range, the exchange ratio ranged from a minimum of 0.7655 to a maximum of 1.0357 shares of new SI Financial Group common stock for each current share of SI Financial Group common stock, with a midpoint of 1.0357. Based upon this exchange ratio, we expect to issue between 3,437,460 and 4,650,682 shares of new SI Financial Group common stock to the holders of SI Financial Group common stock outstanding immediately before the completion of the conversion and offering.

Our board of directors considered the appraisal when recommending that shareholders and depositors approve the plan of conversion. However, our board of directors makes no recommendation of any kind as to the advisability of purchasing shares of common stock.

Since the outcome of the offering relates in large measure to market conditions at the time of sale, it is not possible for us to determine the exact number of shares that we will issue at this time. The offering range may be amended, with the approval of the Office of Thrift Supervision, if necessitated by developments following the date of the appraisal in, among other things, market conditions, our financial condition or operating results, regulatory guidelines or national or local economic conditions.

If, upon expiration of the offering, at least the minimum number of shares are subscribed for, RP Financial, after taking into account factors similar to those involved in its prior appraisal, will determine its estimate of our pro forma market value. If, as a result of regulatory considerations, demand for the shares or changes in market conditions, RP Financial determines that our pro forma market value has increased, we may sell up to 8,678,906 without any further notice to you.

No shares will be sold unless RP Financial confirms that, to the best of its knowledge and judgment, nothing of a material nature has occurred that would cause it to conclude that the actual total purchase price of the shares on an aggregate basis was materially incompatible with its appraisal. If, however, the facts do not justify that statement, a new offering range may be set, in which case all funds would be promptly returned and holds on funds authorized for withdrawal from deposit accounts will be released and all subscribers would be given the opportunity to place a new order. We do not intend to seek any additional approvals from shareholders in connection with setting a new offering range and giving all subscribers the opportunity to place a new order. If the offering is terminated, all subscriptions will be cancelled and subscription funds will

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be returned promptly with interest, and holds on funds authorized for withdrawal from deposit accounts will be released. If RP Financial establishes a new valuation range, it must be approved by the Office of Thrift Supervision.

In formulating its appraisal, RP Financial relied upon the truthfulness, accuracy and completeness of all documents we furnished to it. RP Financial also considered financial and other information from regulatory agencies, other financial institutions, and other public sources, as appropriate. While RP Financial believes this information to be reliable, RP Financial does not guarantee the accuracy or completeness of the information and did not independently verify the financial statements and other data provided by us or independently value our assets or liabilities. **The appraisal is not intended to be, and must not be interpreted as, a recommendation of any kind as to the advisability of purchasing shares of common stock. Moreover, because the appraisal must be based on many factors that change periodically, there is no assurance that purchasers of shares in the offering will be able to sell shares after the offering at prices at or above the purchase price.**

Copies of the appraisal report of RP Financial, including any amendments to the report, and the detailed memorandum of the appraiser setting forth the method and assumptions for such appraisal are available for inspection at our main office and the other locations specified under *Where You Can Find More Information.*

Subscription Offering and Subscription Rights

Under the plan of conversion, we have granted rights to subscribe for our common stock to the following persons in the following order of priority:

1. Persons with deposits in Savings Institute with aggregate balances of $50 or more (qualifying deposits) as of the close of business on June 30, 2009 (eligible account holders).

2. Our employee stock ownership plan.

3. Persons with qualifying deposits in Savings Institute as of the close of business on September 30, 2010 who are not eligible account holders, excluding our officers, directors and their associates (supplemental eligible account holders).

4. Depositors of Savings Institute as of the close of business on November 1, 2010, who are not eligible or supplemental eligible account holders.

Unlike our employee stock ownership plan, the Savings Institute 401(k) Plan has not been granted priority subscription rights. Accordingly, a 401(k) plan participant who elects to purchase shares in the offering through self-directed purchases within the 401(k) plan will receive the same subscription priority, and be subject to the same purchase limitations, as if the participant had elected to purchase shares using funds outside the 401(k) plan.

The amount of common stock that any person may purchase will depend on the availability of the common stock after satisfaction of all subscriptions having prior rights in the subscription offering and to the maximum and minimum purchase limitations set forth in the plan of conversion. All persons on a joint deposit account will be counted as a single subscriber to determine the maximum amount that may be subscribed for by an individual in the offering.

Purchase of Shares

Eligible depositors of Savings Institute have priority subscription rights allowing them to purchase common stock in the subscription offering. Shares not purchased in the subscription offering may be available for sale to the public in a community offering. You, as a shareholder on the record date, will be given a preference in the community offering after natural persons residing in Hartford, Middlesex, New London, Tolland and Windham Counties in Connecticut. For more information regarding the purchase of shares of common stock of new SI Financial Group or to receive a prospectus and stock order form, you may call our Stock Information Center, toll-free, at (877) 643-8198, Monday through Friday, between 10:00 a.m. and 4:00 p.m., Eastern time. The Stock Information Center will be closed on weekends and bank holidays. Order forms, along with full payment, must be received by us (not postmarked) no later than 2:00 p.m., Eastern time on December 20, 2010.

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Marketing Arrangements

To assist in the marketing of our common stock, we have retained Stifel, Nicolaus & Company, Incorporated, which is a broker-dealer registered with the Financial Industry Regulatory Authority. Stifel, Nicolaus & Company, Incorporated will assist us on a best efforts basis in the offering by:

(1) acting as our financial advisor for the conversion and offering;

(2) providing administrative services and managing the Stock Information Center;

(3) educating our employees regarding the offering;

(4) targeting our sales efforts, including assisting in the preparation of marketing materials; and

(5) soliciting orders for common stock.

For these services, Stifel, Nicolaus & Company, Incorporated will receive an advisory and administrative fee of $50,000 and 1% of the dollar amount of all shares of common stock sold in the subscription and community offering. No sales fee will be payable to Stifel, Nicolaus & Company, Incorporated with respect to shares purchased by officers, directors and employees or their immediate families, shares purchased by our tax-qualified and non-qualified employee benefit plans, and shares that will be issued in the exchange for existing shares of SI Financial Group common stock. In the event that Stifel, Nicolaus & Company, Incorporated sells common stock through a group of broker-dealers in a syndicated community offering, it will be paid a fee equal to 1% of the dollar amount of total shares sold in the syndicated community offering, 80% of which will be paid to Stifel, Nicolaus & Company, Incorporated and 20% of which will be paid to Sandler O Neill & Partners, L.P., which fee along with the fee payable to selected dealers (which may include Stifel, Nicolaus & Company, Incorporated and Sandler O Neill & Partners, L.P.) shall not exceed 5.50% in the aggregate. Stifel, Nicolaus & Company, Incorporated and Sandler O Neill & Partners, L.P have agreed that: (1) with regard to shares sold to institutional investors, 80% of the 5.50% fee will be paid to Stifel, Nicolaus & Company, Incorporated and 20% will be paid to Sandler O Neill & Partners, L.P, regardless of which party sells such shares; and (2) Stifel, Nicolaus & Company, Incorporated and Sandler O Neill & Partners, L.P will retain 100% of the 5.50% with respect to the respective shares sold by each to retail customers. Stifel, Nicolaus & Company, Incorporated also will be reimbursed for allocable expenses in an amount not to exceed $25,000 for the subscription offering and community offering and $45,000 for the syndicated offering, and for attorney s fees in an amount not to exceed $100,000 (excluding the reasonable out-of-pocket expenses of counsel).

If we are required to resolicit subscribers for shares of our common stock in the subscription and community offerings, Stifel, Nicolaus & Company, Incorporated will be required to provide significant additional services in connection with the resolicitation (including repeating the services described above), and we may pay Stifel, Nicolaus & Company, Incorporated an additional fee for those services that will not exceed $50,000. Under such circumstances, with our consent, Stifel, Nicolaus & Company, Incorporated may be reimbursed for additional accountable reimbursable out-of-pocket expenses not to exceed $10,000 and additional reimbursable attorney s fees not to exceed $20,000, provided that the aggregate of all reimbursable expenses and legal fees shall not exceed $200,000.

We will indemnify Stifel, Nicolaus & Company, Incorporated and Sandler O Neill & Partners, L.P. against liabilities and expenses, including legal fees, incurred in connection with certain claims or litigation arising out of or based upon untrue statements or omissions contained in the offering materials for the common stock, including liabilities under the Securities Act of 1933, as amended.

Some of our directors and executive officers may participate in the solicitation of offers to purchase common stock. These persons will be reimbursed for their reasonable out-of-pocket expenses incurred in connection with the solicitation. Other regular employees of Savings Institute may assist in the offering, but only in ministerial capacities, and may provide clerical work in effecting a sales transaction. No offers or sales may be made by tellers or at the teller counters. No sales activity will be conducted in a Savings Institute banking office. Investment-related questions of prospective purchasers will be directed to executive officers or registered representatives of Stifel, Nicolaus & Company, Incorporated. Our other employees have been instructed not to solicit offers to purchase shares of common stock or provide advice regarding the purchase of common stock. We will rely on Rule 3a4-1 under the Securities Exchange Act of 1934, as amended, and sales of common stock will be conducted within the requirements of Rule 3a4-1, so as to permit officers, directors and employees to participate in the sale of common stock. None of our officers, directors or employees will be compensated in connection with their participation in the offering.

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In addition, we have engaged Stifel, Nicolaus & Company, Incorporated to act as our records management agent in connection with the conversion and offering. In its role as records management agent, Stifel, Nicolaus & Company, Incorporated will coordinate with our data processing contacts and interface with the Stock Information Center to provide the records processing and the proxy and stock order services, including but not limited to: (1) consolidating deposit accounts and vote calculation; (2) preparing information for order forms and proxy cards; (3) interfacing with our financial printer; (4) recording stock order information; and (5) tabulating proxy votes. For these services, Stifel, Nicolaus & Company, Incorporated will receive a fee of $35,000 (additional fees in an amount not to exceed $5,000 may be negotiated in the event significant work is required due to unexpected circumstances), and we will have made an advance payment of $10,000 with respect to this fee. We will also reimburse Stifel, Nicolaus & Company, Incorporated for its reasonable out-of-pocket expenses associated with its acting as information agent in an amount not to exceed $5,000.

Delivery of Certificates

After completion of the conversion, each holder of a certificate(s) evidencing shares of SI Financial Group common stock (other than SI Bancorp, MHC), upon surrender of the certificate to our transfer agent, which is anticipated to serve as the exchange agent for the conversion, will receive a certificate(s) representing the number of full shares of New SI Financial Group common stock into which the holder s shares have been converted based on the exchange ratio. Promptly following the consummation of the conversion, the exchange agent will mail to each such holder of record of SI Financial Group common stock a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to such certificate shall pass, only upon delivery of such certificate to the exchange agent) advising such holder of the terms of the exchange and of the procedure for surrendering to the exchange agent such certificate in exchange for a certificate(s) evidencing New FedFirst Financial common stock. **SI Financial Group shareholders should not forward their certificates to SI Financial Group or the exchange agent until they have received the transmittal letter.** If you hold shares of SI Financial Group common stock in street name or in book-entry form through our transfer agent, your account will automatically be credited with shares of new SI Financial Group common stock following consummation of the conversion. No transmittal forms will be mailed relating to shares held in street name or in book-entry form through our transfer agent.

We will not issue any fractional shares of new SI Financial Group common stock. For each fractional share that would otherwise be issued as a result of the exchange of new SI Financial Group common stock for SI Financial Group common stock, we will pay an amount equal to the product obtained by multiplying the fractional share interest to which the former SI Financial Group shareholder would otherwise be entitled by $8.00. Payment for fractional shares will be made, by check, as soon as practicable after receipt by the exchange agent of surrendered SI Financial Group stock certificates. If you hold shares of SI Financial Group common stock in street name, your account should automatically be credited with cash in lieu of fractional shares.

No holder of a certificate representing shares of SI Financial Group common stock will be entitled to receive any dividends on SI Financial Group common stock until the certificate representing such holder s shares of SI Financial Group common stock is surrendered. If we declare dividends after the conversion but before surrender of certificates representing shares of SI Financial Group common stock, dividends payable on shares of SI Financial Group common stock not then issued shall accrue without interest. Any such dividends shall be paid without interest upon surrender of the certificates representing shares of SI Financial Group common stock. We will be entitled, after the completion of the conversion, to treat certificates representing shares of SI Financial Group common stock as evidencing ownership of the number of full shares of new SI Financial Group common stock into which the shares of SI Financial Group common stock represented by such certificates shall have been converted, notwithstanding the failure on the part of the holder thereof to surrender such certificates.

We will not be obligated to deliver certificate(s) representing shares of new SI Financial Group common stock to which a holder of SI Financial Group common stock would otherwise be entitled as a result of the conversion until such holder surrenders the certificate(s) representing the shares of SI Financial Group common stock for exchange as provided above, or provides an appropriate affidavit of loss and indemnity agreement and/or a bond. If any certificate evidencing shares of SI Financial Group common stock is to be registered in a name other than that in which the certificate evidencing SI Financial Group common stock surrendered in exchange therefor is registered, it shall be a condition of the issuance that the certificate so surrendered shall be properly endorsed and otherwise be in proper form for transfer and that the person requesting such exchange pay to the exchange agent any transfer or other tax required by reason of the issuance of a certificate for shares of common stock in any name other than that of the registered holder of the certificate surrendered or otherwise establish to the satisfaction of the exchange agent that such tax has been paid or is not payable.

Restrictions on Repurchase of Stock

Under Office of Thrift Supervision regulations, for a period of one year from the date of the completion of the offering we may not repurchase any of our common stock from any person, except (1) in an offer made to all shareholders to repurchase the common stock on a pro rata basis, approved by the Office of Thrift Supervision, (2) the repurchase of qualifying shares of a director, or (3) repurchases to fund restricted stock plans or tax-qualified employee stock benefit plans. Where extraordinary circumstances exist, the Office of Thrift Supervision may approve the open market repurchase of up to 5% of our common stock during the first year following the conversion and offering. To receive such approval, we must establish compelling and valid business purposes for the repurchase to the satisfaction of the Office of Thrift Supervision. If any options previously granted under the 2005 Equity Incentive Plan are exercised during the first year following the conversion and offering, they will be funded with newly issued shares, as the Office of Thrift Supervision does not view pre-existing stock options as an extraordinary circumstance or compelling business purpose for a stock repurchase in the first year after conversion. Based on the foregoing restrictions, we anticipate that we will not repurchase any shares of our common stock in the year following completion of the conversion and offering.

Effects of Conversion on Depositors and Borrowers

General. Each depositor in Savings Institute currently has both a deposit account in the institution and a pro rata ownership interest in the net worth of SI Bancorp, MHC based upon the balance in his or her account. However, this ownership interest is tied to the depositor s account and has no value separate from such deposit account. Furthermore, this ownership interest may only be realized in the unlikely event that SI Bancorp, MHC is liquidated. In such event, the depositors of record at that time, as owners, would share pro rata in any residual surplus and reserves of SI Bancorp, MHC after other claims are paid. Any depositor who opens a deposit account at Savings Institute obtains a pro rata ownership interest in the net worth of SI Bancorp, MHC without any additional payment beyond the amount of the deposit. A depositor who reduces or closes his or her account receives a portion or all of the balance in the account but nothing for his or her ownership interest in the net worth of SI Bancorp, MHC, which is lost to the extent that the balance in the account is reduced. When a mutual holding company converts to stock holding company form, depositors lose all rights to the net worth of the mutual holding company, except the right to claim a pro rata share of funds representing the liquidation account established in connection with the conversion.

Continuity. While the conversion and offering are being accomplished, the normal business of Savings Institute will continue without interruption, including being regulated by the Office of Thrift Supervision. After the conversion and offering, Savings Institute will continue to provide services for depositors and borrowers under its current policies by its present management and staff.

The directors of Savings Institute at the time of conversion will serve as directors of Savings Institute after the conversion and offering. The board of directors of new SI Financial Group is composed of the individuals who serve on the board of directors of SI Financial Group. All officers of Savings Institute at the time of conversion will retain their positions after the conversion and offering.

Deposit Accounts and Loans. The conversion and offering will not affect any deposit accounts or borrower relationships with Savings Institute. All deposit accounts in Savings Institute after the conversion and offering will continue to be insured up to the legal maximum by the Federal Deposit Insurance Corporation in the same manner as such deposit accounts were insured immediately before the conversion and offering. The conversion and offering will not change the interest rate or the maturity of deposits at Savings Institute.

After the conversion and offering, all loans of Savings Institute will retain the same status that they had before the conversion and offering. The amount, interest rate, maturity and security for each loan will remain as they were contractually fixed before the conversion and offering.

Effect on Liquidation Rights. If SI Bancorp, MHC were to liquidate, all claims of SI Bancorp, MHC s creditors would be paid first. Thereafter, if there were any assets remaining, members of SI Bancorp, MHC would receive such remaining assets, pro rata, based upon the deposit balances in their deposit accounts at Savings Institute immediately before liquidation. In the unlikely event that Savings Institute were to liquidate after the conversion and offering, all claims of creditors (including those of depositors, to the extent of their deposit balances) also would be paid first, followed by distribution of the liquidation account to certain depositors (see *Liquidation Rights* below), with any assets remaining thereafter distributed to new SI Financial Group as the holder of Savings Institute s capital stock.

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Liquidation Rights

Liquidation Prior to the Conversion. In the unlikely event of a complete liquidation of SI Bancorp, MHC or SI Financial Group prior to the conversion, all claims of creditors of SI Financial Group, including those of depositors of Savings Institute (to the extent of their deposit balances), would be paid first. Thereafter, if there were any assets of SI Financial Group remaining, these assets would be distributed to shareholders, including SI Bancorp, MHC. Then, if there were any assets of SI Bancorp, MHC remaining, members of SI Bancorp, MHC would receive those remaining assets, pro rata, based upon the deposit balances in their deposit account in Savings Institute immediately prior to liquidation.

Liquidation Following the Conversion. In the unlikely event that new SI Financial Group and Savings Institute were to liquidate after the conversion, all claims of creditors, including those of depositors, would be paid first, followed by distribution of the liquidation account maintained by SI Financial Group pursuant to the plan of conversion to certain depositors, with any assets remaining thereafter distributed to SI Financial Group as the holder of Savings Institute capital stock. The plan of conversion also provides that new SI Financial Group shall cause the establishment of a bank liquidation account.

The plan of conversion provides for the establishment, upon the completion of the conversion, of a liquidation account by new SI Financial Group for the benefit of eligible account holders and supplemental eligible account holders in an amount equal to SI Bancorp, MHC s ownership interest in the retained earnings of SI Financial Group as of the date of its latest balance sheet contained in this proxy statement/prospectus. The plan of conversion also provides that new SI Financial Group shall cause Savings Institute to establish a bank liquidation account. The establishment and maintenance of a second liquidation account by Savings Institute is designed to support the liquidation account established by new SI Financial Group if new SI Financial Group does not have sufficient assets to fund its obligations under its liquidation account. There are no differences in the provisions of the two liquidation accounts to be established and maintained.

The liquidation account established by new SI Financial Group is designed to provide payments to depositors of their liquidation interests in the event of a liquidation of new SI Financial Group and Savings Institute or of Savings Institute. Specifically, in the unlikely event that new SI Financial Group and Savings Institute were to completely liquidate after the conversion, all claims of creditors, including those of depositors, would be paid first, followed by distribution to depositors as of June 30, 2009 and September 30, 2010 of the liquidation account maintained by new SI Financial Group. In a liquidation of both entities, or of Savings Institute, when new SI Financial Group has insufficient assets to fund the distribution due to eligible account holders and Savings Institute has positive net worth, Savings Institute will pay amounts necessary to fund new SI Financial Group s remaining obligations under the liquidation account. The plan of conversion also provides that if new SI Financial Group is sold or liquidated apart from a sale or liquidation of Savings Institute, then the rights of eligible account holders in the liquidation account maintained by new SI Financial Group will be surrendered and treated as a liquidation account in Savings Institute. Depositors will have an equivalent interest in the bank liquidation account and the bank liquidation account will have the same rights and terms as the liquidation account.

Pursuant to the plan of conversion, after two years from the date of conversion and upon the written request of the Office of Thrift Supervision, new SI Financial Group will eliminate or transfer the liquidation account and the interests in such account to Savings Institute and the liquidation account shall thereupon become the liquidation account of Savings Institute and not be subject in any manner or amount to new SI Financial Group s creditors.

Also, under the rules and regulations of the Office of Thrift Supervision, no post-conversion merger, consolidation, or similar combination or transaction with another depository institution in which new SI Financial Group or Savings Institute is not the surviving institution would be considered a liquidation and, in such a transaction, the liquidation account would be assumed by the surviving institution.

Each eligible account holder and supplemental eligible account holder would have an initial interest in each of the liquidation accounts maintained by new SI Financial Group and Savings Institute for each deposit account, including savings accounts, transaction accounts such as negotiable order of withdrawal accounts, money market deposit accounts, and certificates of deposit, with a balance of $50.00 or more held in Savings Institute on June 30, 2009 or September 30, as applicable. Each eligible account holder and supplemental eligible account holder would have a pro rata interest in the total liquidation accounts maintained by new SI Financial Group and Savings Institute for each such deposit account, based on the proportion that the balance of each such deposit account on June 30, 2009 or September 30, 2010 bears to the balance of all deposit accounts in Savings Institute on such date.

If, however, on any December 31 annual closing date commencing after the effective date of the conversion, the amount in any such deposit account is less than the amount in the deposit account on June 30, 2009 or September 30, 2010 or any

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other annual closing date, then the interest in the liquidation accounts maintained by new SI Financial Group and Savings Institute relating to such deposit account would be reduced from time to time by the proportion of any such reduction, and such interest will cease to exist if such deposit account is closed. In addition, no interest in the liquidation accounts maintained by new SI Financial Group and Savings Institute would ever be increased despite any subsequent increase in the related deposit account. Payment pursuant to liquidation rights of eligible account holders and supplemental eligible account holders would be separate and apart from the payment of any insured deposit accounts to such depositor. Any assets remaining after the above liquidation rights of eligible account holders and supplemental eligible account holders are satisfied would be distributed to new SI Financial Group as the sole shareholder of Savings Institute.

Material Income Tax Consequences

Although the conversion may be effected in any manner approved by the Office of Thrift Supervision that is consistent with the purposes of the plan of conversion and applicable law, regulations and policies, it is intended that the conversion will be effected through various mergers. Completion of the conversion and offering is conditioned upon prior receipt of either a ruling or an opinion of counsel with respect to federal tax laws, and either a ruling or an opinion with respect to Pennsylvania tax laws, that no gain or loss will be recognized by Savings Institute, SI Financial Group or SI Bancorp, MHC as a result of the conversion or by account holders receiving subscription rights, except to the extent, if any, that subscription rights are deemed to have fair market value on the date such rights are issued. We believe that the tax opinions summarized below address all material federal income tax consequences that are generally applicable to Savings Institute, SI Financial Group, SI Bancorp, MHC, new SI Financial Group, persons receiving subscription rights and shareholders of SI Financial Group.

Kilpatrick Stockton LLP has issued an opinion to SI Financial Group, SI Bancorp, MHC and new SI Financial Group that, for federal income tax purposes:

1. The merger of SI Bancorp, MHC with and into SI Financial Group (the mutual holding company merger) will qualify as a tax-free reorganization within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code. (Section 368(a)(l)(A) of the Internal Revenue Code.)

2. SI Bancorp, MHC will not recognize any gain or loss on the transfer of its assets to the SI Financial Group and SI Financial Group s assumption of its liabilities, if any, in constructive exchange for a liquidation interest in SI Financial Group or on the constructive distribution of such liquidation interest to SI Bancorp, MHC s members who remain depositors of Savings Institute. (Sections 361(a), 361(c) and 357(a) of the Internal Revenue Code.)

3. No gain or loss will be recognized by SI Financial Group upon the receipt of the assets of SI Bancorp, MHC in the mutual holding company merger in exchange for the constructive transfer to the members of SI Bancorp, MHC of a liquidation interest in SI Financial Group. (Section 1032(a) of the Internal Revenue Code.)

4. Persons who have an interest in SI Bancorp, MHC will recognize no gain or loss upon the constructive receipt of a liquidation interest in SI Financial Group in exchange for their voting and liquidation rights in SI Bancorp, MHC. (Section 354(a) of the Internal Revenue Code.)

5. The basis of the assets of SI Bancorp, MHC (other than stock in SI Financial Group) to be received by SI Financial Group will be the same as the basis of such assets in the hands of SI Bancorp, MHC immediately prior to the transfer. (Section 362(b) of the Internal Revenue Code.)

6. The holding period of the assets of SI Bancorp, MHC in the hands of SI Financial Group will include the holding period of those assets in the hands of SI Bancorp, MHC. (Section 1223(2) of the Internal Revenue Code.)

7. The merger of SI Financial Group with and into new SI Financial Group (the holding company merger) will constitute a mere change in identity, form or place of organization within the meaning of Section 368(a)(1)(F) of the Internal Revenue Code and therefore will qualify as a tax-free reorganization within the meaning of Section 368(a)(1)(F) of the Internal Revenue Code. (Section 368(a)(1)(F) of the Internal Revenue Code.)

8. SI Financial Group will not recognize any gain or loss on the transfer of its assets to new SI Financial Group and new SI Financial Group s assumption of its liabilities in exchange for shares of common stock in new SI Financial Group or on the constructive distribution of such stock to shareholders of SI Financial Group other than SI Bancorp, MHC and the liquidation accounts to the eligible account holders and supplemental eligible account holders. (Sections 361(a), 361(c) and 357(a) of the Internal Revenue Code.)

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9. No gain or loss will be recognized by new SI Financial Group upon the receipt of the assets of SI Financial Group in the holding company merger. (Section 1032(a) of the Internal Revenue Code.)

10. The basis of the assets of SI Financial Group (other than stock in Savings Institute) to be received by new SI Financial Group will be the same as the basis of such assets in the hands of SI Financial Group immediately prior to the transfer. (Section 362(b) of the Internal Revenue Code.)

11. The holding period of the assets of SI Financial Group (other than stock in Savings Institute) to be received by new SI Financial Group will include the holding period of those assets in the hands of SI Financial Group immediately prior to the transfer. (Section 1223(2) of the Internal Revenue Code.)

12. SI Financial Group shareholders will not recognize any gain or loss upon their exchange of FedFirst Financial common stock for new SI Financial Group common stock. (Section 354 of the Internal Revenue Code.)

13. Eligible account holders and supplemental eligible account holders will not recognize any gain or loss upon their constructive exchange of their liquidation interests in SI Financial Group for the liquidation accounts in new SI Financial Group. (Section 354 of the Internal Revenue Code.)

14. The payment of cash to shareholders of SI Financial Group in lieu of fractional shares of new SI Financial Group common stock will be treated as though the fractional shares were distributed as part of the holding company merger and then redeemed by new SI Financial Group. The cash payments will be treated as distributions in full payment for the fractional shares deemed redeemed under Section 302(a) of the Internal Revenue Code, with the result that such shareholders will have short-term or long-term capital gain or loss to the extent that the cash they receive differs from the basis allocable to such fractional shares. (Rev. Rul. 66-365, 1966-2 C.B. 116 and Rev. Proc. 77-41, 1977-2 C.B. 574.)

15. It is more likely than not that the fair market value of the nontransferable subscription rights to purchase SI Financial Group common stock is zero. Accordingly, it is more likely than not that no gain or loss will be recognized by eligible account holders, supplemental eligible account Holders and other voting members upon distribution to them of nontransferable subscription rights to purchase shares of SI Financial Group common stock. (Section 356(a) of the Internal Revenue Code.) Eligible account holders, supplemental eligible account holders and other voting members will not realize any taxable income as the result of the exercise by them of the nontransferable subscriptions rights. (Rev. Rul. 56-572, 1956-2 C.B. 182.)

16. It is more likely than not that the fair market value of the benefit provided by the bank liquidation account supporting the payment of the liquidation account in the event new SI Financial Group lacks sufficient net assets is zero. Accordingly, it is more likely than not that no gain or loss will be recognized by eligible account holders and supplemental eligible account holders upon the constructive distribution to them of such rights in the bank liquidation account as of the effective date of the holding company merger. (Section 356(a) of the Internal Revenue Code.)

17. It is more likely than not that the basis of common stock purchased in the offering by the exercise of the nontransferable subscription rights will be the purchase price thereof. (Section 1012 of the Internal Revenue Code.)

18. Each shareholder s holding period in his or her new SI Financial Group common stock received in the exchange will include the period during which the common stock surrendered was held, provided that the common stock surrendered is a capital asset in the hands of the shareholder on the date of the exchange. (Section 1223(1) of the Internal Revenue Code.)

19. The holding period of the common stock purchased pursuant to the exercise of subscriptions rights shall commence on the date on which the right to acquire such stock was exercised. (Section 1223(5) of the Internal Revenue Code.)

20. No gain or loss will be recognized by new SI Financial Group on the receipt of money in exchange for common stock sold in the offering. (Section 1032 of the Internal Revenue Code.)

The statements set forth in paragraph (15) above are based on the position that the subscription rights do not have any market value at the time of distribution or at the time they are exercised. Whether subscription rights have a market value for

federal income tax purposes is a question of fact, depending upon all relevant facts and circumstances. According to our

counsel, the Internal Revenue Service will not issue rulings on whether subscription rights have a market value. Counsel has also advised us that they are unaware of any instance in which the Internal Revenue Service has taken the position that nontransferable subscription rights have a market value. Counsel also noted that the subscription rights will be granted at no cost to the recipients, will be nontransferable and of short duration, and will afford the recipients the right only to purchase our common stock at a price equal to its estimated fair market value, which will be the same price as the purchase price for the unsubscribed shares of common stock.

The statements set forth in paragraph (16) above are based on the position that the benefit provided by the bank liquidation account supporting the payment of the liquidation account if new SI Financial Group lacks sufficient net assets has a fair market value of zero. According to our counsel: (1) there is no history of any holder of a liquidation account receiving any payment attributable to a liquidation account; (2) the interests in the liquidation account and bank liquidation account are not transferable; (3) the amounts due under the liquidation account with respect to each eligible account holder and supplemental eligible account holder will be reduced as their deposits in Savings Institute are reduced as described in the plan of conversion; and (4) the bank liquidation account payment obligation arises only if new SI Financial Group lacks sufficient net assets to fund the liquidation account. If such bank liquidation account rights are subsequently found to have an economic value, income may be recognized by each eligible account holder and supplemental eligible account holder in the amount of such fair market value as of the effective date of the holding company merger.

The statements set forth in paragraphs (9) and (10) above are based on the position that the subscription rights do not have any market value at the time of distribution or at the time they are exercised. Whether subscription rights have a market value for federal income tax purposes is a question of fact, depending upon all relevant facts and circumstances. According to our counsel, the Internal Revenue Service will not issue rulings on whether subscription rights have a market value. Counsel has also advised us that they are unaware of any instance in which the Internal Revenue Service has taken the position that nontransferable subscription rights have a market value. Counsel also noted that the subscription rights will be granted at no cost to the recipients, will be nontransferable and of short duration, and will afford the recipients the right only to purchase our common stock at a price equal to its estimated fair market value, which will be the same price as the purchase price for the unsubscribed shares of common stock.

The statements set forth in paragraph (11) above are based on the position that the benefit provided by the liquidation account in Savings Institute supporting the payment of the liquidation account in new SI Financial Group if new Savings Institute lacks sufficient new assets has a market value of zero. Whether this benefit has a fair market value for federal income tax purposes is a question of fact, depending upon all relevant facts and circumstances. According to our counsel, the Internal Revenue Service will not issue rulings on whether these benefits have a fair market value. Counsel has also advised us that they are unaware of any instance in which the Internal Revenue Service has taken the position that such a benefit has a market value.

Wolf & Company, P.C. has been engaged to issue an opinion to us to the effect that, more likely than not, the income tax consequences under Connecticut law of the conversion are not materially different than for federal tax purposes.

Unlike a private letter ruling issued by the Internal Revenue Service, an opinion of counsel is not binding on the Internal Revenue Service and the Internal Revenue Service could disagree with the conclusions reached in the opinion. If there is a disagreement, no assurance can be given that the conclusions reached in an opinion of counsel would be sustained by a court if contested by the Internal Revenue Service.

The opinions of Kilpatrick Stockton LLP and Wolf & Company, P.C. are filed as exhibits to the registration statement that we have filed with the Securities and Exchange Commission. See *Where You Can Find More Information*.

Accounting Consequences

The conversion will be accounted for as a change in legal organization and form and not a business combination. Accordingly, the carrying amount of the assets and liabilities of Savings Institute will remain unchanged from their historical cost basis.

Interpretation, Amendment and Termination

All interpretations of the plan of conversion by our board of directors will be final, subject to the authority of the Office of Thrift Supervision. The plan of conversion provides that, if deemed necessary or desirable by the board of directors, the plan of conversion may be substantively amended by a majority vote of the board of directors as a result of comments from regulatory authorities or otherwise, at any time prior to the submission of proxy materials to the members of SI Bancorp, MHC and shareholders of SI Financial Group. Amendment of the plan of conversion thereafter requires a majority vote of the board of directors, with the concurrence of the Office of Thrift Supervision. The plan of conversion may be terminated by a majority vote of the board of directors at any time prior to the earlier of the date of the special meeting of shareholders and the date of the special meeting of members of SI Bancorp, MHC, and may be terminated by the board of directors at any time thereafter with the concurrence of the Office of Thrift Supervision. The plan of conversion will terminate if the conversion and offering are not completed within 24 months from the date on which the members of SI Bancorp, MHC approve the plan of conversion, and may not be extended by us or the Office of Thrift Supervision.

Proposals 2a and 2b Informational Proposals Related to the

Articles of Incorporation of New SI Financial Group

By their approval of the plan of conversion as set forth in Proposal 1, the board of directors of SI Financial Group has approved each of the informational proposals numbered 2a and 2b, both of which relate to provisions included in the articles of incorporation of new SI Financial Group. Each of these informational proposals is discussed in more detail below.

As a result of the conversion, the public shareholders of SI Financial Group, whose rights are presently governed by the charter and bylaws of SI Financial Group, will become shareholders of new SI Financial Group, whose rights will be governed by the articles of incorporation and bylaws of new SI Financial Group. The following informational proposals address the material differences between the governing documents of the two companies. This discussion is qualified in its entirety by reference to the articles of incorporation of SI Financial Group and the articles of incorporation of new SI Financial Group. See *Where You Can Find Additional Information* for procedures for obtaining a copy of those documents.

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

Informational Proposal 2a Approval of a Provision in new SI Financial Group s Articles of Incorporation Requiring a Super-Majority Vote to Approve Certain Amendments to New SI Financial Group s Articles of incorporation. No amendment of the charter of SI Financial Group may be made unless it is first proposed by the board of directors, then preliminarily approved by the Office of Thrift Supervision, and thereafter approved by the holders of a majority of the total votes eligible to be cast at a legal meeting. The articles of incorporation of new SI Financial Group generally may be amended by the holders of a majority of the shares entitled to vote; provided, however, that any amendment of Section C of Article Sixth (limitation on common stock voting rights), Section B of Article Seventh (classification of board of directors and director terms), Section F of Article Eighth (amendment of bylaws) , Section J of Article Eighth (elimination of director and officer liability), and Article Tenth (amendment of articles of incorporation), must be approved by the affirmative vote of the holders of at least 75% of the outstanding shares entitled to vote, except that the board of directors may amend the articles of incorporation without any action by the shareholders to the fullest extent allowed under Maryland law.

These limitations on amendments to specified provisions of new SI Financial Group s articles of incorporation are intended to ensure that the referenced provisions are not limited or changed upon a simple majority vote. While this limits the ability of shareholders to amend those provisions, SI Bancorp, MHC, as the holder of a majority of the outstanding shares of SI Financial Group, currently can effectively block any shareholder proposed change to the charter.

This provision in new SI Financial Group s articles of incorporation could have the effect of discouraging a tender offer or other takeover attempt where to ability to make fundamental changes through amendments to the articles of incorporation is an important element of the takeover strategy of the potential acquiror. The board of directors believes that the provisions limiting certain amendments to the articles of incorporation will put the board of directors in a stronger position to negotiate with third parties with respect to transactions potentially affecting the corporate structure of new SI Financial Group and the fundamental rights of its shareholders, and to preserve the ability of all shareholders to have an effective voice in the outcome of such matters.

The board of directors recommends that you vote FOR the approval of a provision in new SI Financial Group s articles of incorporation requiring a super-majority vote to approve certain amendments to new SI Financial Group s articles of incorporation.

Informational Proposal 2b. Approval of a Provision in New SI Financial Group s Articles of incorporation to Limit the Voting Rights of Shares Beneficially Owned in Excess of 10% of New SI Financial Group s Outstanding Voting Stock. The articles of incorporation of new SI Financial Group provide that in no event shall any person who directly or indirectly beneficially owns in excess of 10% of the then-outstanding shares of common stock as of the record date for the determination of shareholders entitled or permitted to vote on any matter (the 10% limit) be entitled or permitted to any vote in respect of the shares held in excess of the 10% limit. This 10% limit restriction does not apply if the beneficial owner s ownership of shares in excess of the 10% limit was approved by a majority of unaffiliated directors. Beneficial ownership is determined pursuant to the federal securities laws and includes, but is not limited to, shares as to which any person and his or her affiliates (1) have the right to acquire upon the exercise of conversion rights, exchange rights, warrants or options and (2) have or share investment or voting power (but shall not be deemed the beneficial owner of any voting shares solely by reason of a revocable proxy granted for a particular meeting of shareholders, and that are not otherwise beneficially, or deemed by new SI Financial Group to be beneficially, owned by such person and his or her affiliates).

The foregoing restriction does not apply to:

- any director or officer acting solely in their capacities as directors and officers; or
- any employee benefit plans of new SI Financial Group or any subsidiary or a trustee of a plan.

The charter of SI Financial Group provides that, for a period of five years from the effective date of Savings Institute s minority stock offering, no person, other than SI Bancorp, MHC, shall directly or indirectly offer to acquire or acquire more than 10% of the then-outstanding shares of common stock. The foregoing restriction does not apply to:

- the purchase of shares by underwriters in connection with a public offering; or
- the purchase of shares by any employee benefit plans of SI Financial Group or any subsidiary.

This provision is intended to limit the ability of any person to acquire a significant number of shares of new SI Financial Group common stock and thereby gain sufficient voting control so as to cause new SI Financial Group to effect a transaction that may not be in the best interests of new SI Financial Group and its shareholders generally. This provision will not prevent a shareholder from seeking to acquire a controlling interest in new SI Financial Group, but it will prevent a shareholder from voting more than 10% of the outstanding shares of common stock unless that shareholder has first persuaded the board of directors of the merits of the course of action proposed by the shareholder. The board of directors of new SI Financial Group believes that fundamental transactions generally should be first considered and approved by the board of directors as the board generally believes that it is in the best position to make an initial assessment of the merits of any such transactions and that the board of directors ability to make the initial assessment could be impeded if a single shareholder could acquire a sufficiently large voting interest so as to control a shareholder vote on any given proposal. This provision in new SI Financial Group s articles of incorporation makes an acquisition, merger or other similar corporate transaction less likely to occur, even if such transaction is supported by most shareholders, because it can prevent a holder of shares in excess of the 10% limit from voting the excess shares in favor of the transaction. Thus, it may be deemed to have an anti-takeover effect.

The board of directors recommends that you vote FOR the approval of a provision in new SI Financial Group s articles of incorporation to limit the voting rights of shares beneficially owned in excess of 10% of new SI Financial Group s outstanding voting stock.

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Proposal 3 Contribution to the Charitable Foundation

General

In furtherance of our commitment to our local community, the plan of conversion provides that we will fund our existing foundation, SI Financial Group Foundation, a nonstock Delaware corporation, with cash in connection with the stock offering. By further enhancing our visibility and reputation in our local community, we believe that SI Financial Group Foundation will continue to enhance the long-term value of our community banking franchise. The stock offering presents us with an opportunity to provide additional liquidity to the foundation.

Purpose of the Charitable Foundation

In connection with the conversion, SI Financial Group intends to contribute to SI Financial Group Foundation up to $500,000 in cash. Other than shares issued in the exchange, we will not issue any shares of new SI Financial Group common stock to SI Financial Group Foundation in connection with the conversion and offering. SI Group Foundation currently holds no other cash or other assets other than 214,653 shares of SI Financial Group common stock, which will be converted into 193,316 shares of SI Financial Group common stock based on the exchange ratio at the midpoint of the offering range. SI Financial Group Foundation is dedicated completely to community activities and the promotion of charitable causes, and may be able to support such activities in manners that are not presently available to us. We believe that SI Financial Group Foundation will continue to enable us to assist the communities within our market area in areas beyond community development and lending and will enhance our current activities under the Community Reinvestment Act. SI Financial Group Foundation will continue to accomplish that goal by providing for continued ties between it and us, thereby forming a partnership within the communities in which we operate.

Structure of the Charitable Foundation

SI Financial Group Foundation is incorporated under Delaware law as a nonstock corporation. SI Financial Group Foundation was organized in connection with Savings Institute s mutual holding company reorganization and was funded with 251,275 shares of SI Financial Group common stock on September 30, 2004. As of June 30, 2010, SI Financial Group Foundation had assets of $1.4 million, no liabilities and net worth of $1.4 million. The Certificate of Incorporation of SI Financial Group Foundation provides that SI Financial Group Foundation is organized exclusively for charitable purposes as set forth in Section 501(c)(3) of the Internal Revenue Code. The Certificate of Incorporation further provides that no part of the net earnings of SI Financial Group Foundation will inure to the benefit of, or be distributable to, its directors, officers or members.

SI Financial Group Foundation s board of directors consists of five of our current officers, two of our current directors, one of our former directors and one individual who is not affiliated with us. Office of Thrift Supervision regulations require that one of our directors is not be one of our officers, directors or employees and has experience with local charitable organizations and grant making and our unaffiliated director satisfied these requirements. The officers and directors of the foundation are as follows:

Rheo A. Brouillard Chairman of the Board of Directors and President

Brian J. Hull Treasurer and Director

Sandra M. Mitchell Secretary and Director

William E. Anderson, Jr. Director

Robert C. Cushman Director

Roger Engle Director

Donna M. Evan Director

Laurie L. Gervais Director

Edward Wosniak Director

The Board of Directors of SI Financial Group Foundation is responsible for establishing its grant and donation policies, consistent with the purposes for which it was established. As directors of a nonprofit corporation, directors of SI Financial Group Foundation are bound by their fiduciary duty to advance SI Financial Group Foundation s charitable goals, to protect its assets and to act in a manner consistent with the charitable purposes for which SI Financial Group Foundation was established. The directors of SI Financial Group Foundation also are responsible for directing the activities of SI Financial Group Foundation, including the management and voting of our common stock held by SI Financial Group Foundation.

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However, as required by Office of Thrift Supervision regulations, all shares of common stock held by SI Financial Group Foundation must be voted in the same ratio as all other shares of the common stock on all proposals considered by our shareholders.

SI Financial Group Foundation s place of business is located at our administrative offices. The board of directors of SI Financial Group Foundation appoints such officers and employees as may be necessary to manage its operations. To the extent applicable, we comply with the affiliates restrictions set forth in Sections 23A and 23B of the Federal Reserve Act and the Office of Thrift Supervision regulations governing transactions between us and SI Financial Group Foundation.

SI Financial Group Foundation will receive working capital from the cash contribution and:

1. any dividends that may be paid on our common stock in the future;

2. within the limits of applicable federal and state laws, loans collateralized by the common stock; or

3. the proceeds of the sale of any of the common stock in the open market from time to time.

As a private foundation under Section 501(c)(3) of the Internal Revenue Code, SI Financial Group Foundation is required to distribute annually in grants or donations a minimum of 5% of the average fair market value of its net investment assets. One of the conditions imposed on the gift of common stock by us is that the amount of common stock that may be sold by SI Financial Group Foundation in any one year shall not exceed 5% of the average market value of the assets held by SI Financial Group Foundation, except where the board of directors of SI Financial Group Foundation determines that the failure to sell an amount of common stock greater than such amount would result in a long-term reduction of the value of its assets and/or would otherwise jeopardize its capacity to carry out its charitable purposes.

Tax Considerations

SI Financial Group Foundation qualifies as a Section 501(c)(3) exempt organization under the Internal Revenue Code and is classified as a private foundation. We are authorized under federal law to make charitable contributions. We believe that the stock offering presents an opportunity to provide additional liquidity to our existing charitable foundation.

We are permitted to deduct for charitable purposes only an amount equal to 10% of our annual taxable income in any one year. We are permitted under the Internal Revenue Code to carry the excess contribution over the five year period following the contribution to SI Financial Group Foundation. We estimate that substantially all of the contribution should be deductible over the six-year period. However, we do not have any assurance that we will have sufficient earnings to be able to use the deduction in full. Any decisions to make additional contributions to SI Financial Group Foundation would be based on an assessment of, among other factors, our financial condition at that time, the interests of our shareholders and depositors, and the financial condition and operations of SI Financial Group Foundation.

As a private foundation, earnings and gains, if any, from the sale of common stock or other assets are exempt from federal and state income taxation. However, investment income, such as interest, dividends and capital gains, is generally taxed at a rate of 2.0%. SI Financial Group Foundation is required to file an annual return with the Internal Revenue Service within four and one-half months after the close of its fiscal year. SI Financial Group Foundation is required to make its annual return available for public inspection. The annual return for a private foundation includes, among other things, an itemized list of all grants made or approved, showing the amount of each grant, the recipient, any relationship between a grant recipient and SI Financial Group Foundation s managers and a concise statement of the purpose of each grant.

Regulatory Conditions Imposed on the Charitable Foundation

Office of Thrift Supervision regulations impose the following conditions on SI Financial Group Foundation:

1. the Office of Thrift Supervision can examine SI Financial Group Foundation;

2. SI Financial Group Foundation must comply with all supervisory directives imposed by the Office of Thrift Supervision;

3. SI Financial Group Foundation must provide annually to the Office of Thrift Supervision a copy of the annual report that SI Financial Group Foundation submits to the Internal Revenue Service;

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4. SI Financial Group Foundation must operate according to written policies adopted by its board of directors, including a conflict of interest policy;

5. SI Financial Group Foundation may not engage in self-dealing and must comply with all laws necessary to maintain its tax-exempt status under the Internal Revenue Code; and

6. SI Financial Group Foundation must vote its shares in the same ratio as all of the other shares voted on each proposal considered by our shareholders.

The board of directors recommends that you vote FOR the contribution to the SI Financial Group Foundation.

Proposal 4 Adjournment of the Special Meeting

If there are not sufficient votes to constitute a quorum or to approve the plan of conversion and/or the contribution to the charitable foundation at the time of the special meeting, the plan of conversion may not be approved unless the special meeting is adjourned to a later date or dates in order to permit further solicitation of proxies. In order to allow proxies that have been received by SI Financial Group at the time of the special meeting to be voted for an adjournment, if necessary, SI Financial Group has submitted the question of adjournment to its shareholders as a separate matter for their consideration. The board of directors of SI Financial Group recommends that shareholders vote FOR the adjournment proposal. If it is necessary to adjourn the special meeting, no notice of the adjourned special meeting is required to be given to shareholders (unless the adjournment is for more than 30 days or if a new record date is fixed), other than an announcement at the special meeting of the hour, date and place to which the special meeting is adjourned.

The board of directors recommends that you vote FOR the adjournment of the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the proposal to approve the plan of conversion and/or the proposal to approve the contribution to the charitable foundation.

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Use of Proceeds

The following table shows how we intend to use the net proceeds of the offering. The actual net proceeds will depend on the number of shares of common stock sold in the offering and the expenses incurred in connection with the offering. Payments for shares made through withdrawals from deposit accounts at Savings Institute will reduce Savings Institute s deposits and will not result in the receipt of new funds for investment. See *Pro Forma Data* for the assumptions used to arrive at these amounts.

	Minimum of Offering Range		Midpoint of Offering Range		Maximum of Offering Range		15% Above Maximum of Offering Range	
(Dollars in thousands)	**5,578,125 Shares at $8.00 Per Share**	**Percent of Net Proceeds**	**6,562,500 Shares at $8.00 Per Share**	**Percent of Net Proceeds**	**7,546,875 Shares at $8.00 Per Share**	**Percent of Net Proceeds**	**8,678,906 Shares at $8.00 Per Share**	**Percent of Net Proceeds**
Offering proceeds	$ 44,625		$ 52,500		$ 60,375		$ 69,431	
Less: offering expenses	(2,998)		(3,285)		(3,572)		(3,901)	
Net offering proceeds	41,627	100.0%	49,215	100.0%	56,803	100.0%	65,530	100.0%
Less:								
Proceeds contributed to Savings Institute	24,976	60.0	29,529	60.0	34,082	60.0	39,318	60.0
Proceeds used for loan to employee stock ownership plan	2,678	6.4	3,150	6.4	3,623	6.4	4,166	6.4
Proceeds contributed to SI Financial Group Foundation by SI Financial Group	500	1.2	500	1.0	500	0.9	500	0.8
Proceeds remaining for new SI Financial Group	$ 13,473	32.4%	$ 16,036	32.6%	$ 18,598	32.7%	$ 21,546	32.8%

We initially intend to invest the proceeds retained from the offering at new SI Financial Group in short-term investments, such as U.S. treasury and government agency securities, mortgage-backed securities and cash and cash equivalents. The actual amounts to be invested in different instruments will depend on the interest rate environment and new SI Financial Group s liquidity requirements. In the future, new SI Financial Group may liquidate its investments and use those funds:

- to pay dividends to shareholders;
- to repurchase shares of its common stock, subject to regulatory restrictions;
- to finance the possible acquisition of financial institutions or other businesses that are related to banking as opportunities arise, primarily in or adjacent to our existing market area; and
- for general corporate purposes, including contributing additional capital to Savings Institute.

Under current Office of Thrift Supervision regulations, we may not repurchase shares of our common stock during the first year following completion of the conversion and offering, except to fund equity benefit plans other than stock options or, with prior regulatory approval, when extraordinary circumstances exist. For a discussion of our dividend policy and regulatory matters relating to the payment of dividends, see *Our Dividend Policy*.

Savings Institute initially intends to invest the proceeds it receives from the offering, which is shown in the table above as the amount contributed to Savings Institute, in short-term investments. Over time, Savings Institute may use the proceeds that it receives from the offering:

- to fund new loans;
- to invest in securities;
- to finance the possible expansion of its business activities; and
- for general corporate purposes.

We may need regulatory approvals to engage in some of the activities listed above.

While we periodically conduct informal discussions with other parties, we currently do not have any specific plans for any expansion or diversification activities that would require funds from this offering. Consequently, we currently anticipate that the proceeds of the offering contributed to Savings Institute will be used to fund new loans and to expand our mortgage banking operations. We expect that much of the loan growth will occur in our commercial real estate and commercial business portfolios, which we have emphasized in recent years but we have not allocated specific dollar amounts to any particular area of our portfolio. The amount of time that it will take to deploy the proceeds of the offering into loans will depend primarily on the level of loan demand.

Except as described above, we have no specific plans for the investment of the proceeds of the offering and have not allocated a specific portion of the proceeds to any particular use. For a discussion of our business reasons for undertaking the offering, see *Proposal 1 Approval of the Plan of Conversion Reasons for the Conversion and Offering.*

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Our Dividend Policy

SI Financial Group currently pays a cash dividend of $0.03 per share per quarter, which equals $0.12 per share on an annualized basis. After the conversion and offering, we intend to continue to pay a cash dividend of $0.03 per share per quarter, which represents an annual yield of 1.5% based on a price of $8.00 per share. However, in determining the amount of any dividends, the Board of Directors will take into account our financial condition and results of operations, tax considerations, capital requirements and alternative uses for capital, industry standards and economic conditions. We cannot guarantee that we will pay dividends or that, if paid, we will not reduce or eliminate dividends in the future.

New SI Financial Group is subject to Maryland law, which generally permits a corporation to pay dividends on its common stock unless, after giving effect to the dividend, the corporation would be unable to pay its debts as they become due in the usual course of its business or the total assets of the corporation would be less than its total liabilities. Pursuant to Office of Thrift Supervision regulations, new SI Financial Group may not make a distribution that would constitute a return of capital during the three years following the completion of the conversion and offering. Following the merger of the Office of Thrift Supervision into the Office of the Comptroller of the Currency and the assumption of regulatory authority by the Federal Reserve over savings and loan holding companies, including SI Financial Group, SI Financial Group will not be required to obtain prior Federal Reserve approval to pay a dividend unless the declaration and payment of a dividend could raise supervisory concerns about the safe and sound operation of SI Financial Group and Savings Institute, where the dividend declared for a period is not supported by earnings for that period, and where a company plans to declare a material increase in its common stock dividend.

New SI Financial Group s ability to pay dividends may depend, in part, upon its receipt of dividends from Savings Institute. Under applicable regulations, an application to and the prior approval of the Office of Thrift Supervision is required before any capital distribution can be made by Savings Institute to SI Financial Group if the total capital distributions for the calendar year exceed net income for that year plus the amount of retained net income for the preceding two years. As of June 30, 2010, Savings Institute would be required to obtain prior approval from the Office of Thrift Supervision before it can pay any dividends to SI Financial Group. Any payment of dividends by Savings Institute to new SI Financial Group that would be deemed to be drawn out of Savings Institute s bad debt reserves would require the payment of federal income taxes by Savings Institute at the then current income tax rate on the amount deemed distributed. See *Federal and State Taxation Federal Income Taxation* and note 10 of the notes to consolidated financial statements included elsewhere in this proxy statement/prospectus. New SI Financial Group does not contemplate any distribution by Savings Institute that would result in this type of tax liability.

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Market for the Common Stock

The common stock of SI Financial Group is currently listed on the Nasdaq Global Market under the symbol SIFI. Upon completion of the conversion and offering, the shares of common stock of new SI Financial Group will replace SI Financial Group s common stock. We expect that new SI Financial Group s shares of common stock will trade on the Nasdaq Global Market under the trading symbol SIFID for a period of 20 trading days after completion of the offering. Thereafter, our trading symbol will be SIFI. To list our common stock on the Nasdaq Global Market we are required to have at least three broker-dealers who will make a market in our common stock. SI Financial Group currently has approximately 35 registered market makers.

The development of a public market having the desirable characteristics of depth, liquidity and orderliness depends on the existence of willing buyers and sellers, the presence of which is not within our control or that of any market maker. The number of active buyers and sellers of our common stock at any particular time may be limited, which may have an adverse effect on the price at which our common stock can be sold. There can be no assurance that persons purchasing the common stock will be able to sell their shares at or above the $8.00 price per share in the offering. Purchasers of our common stock should recognize that there are risks involved in their investment and that there may be a limited trading market in the common stock.

The following table sets forth high and low sales prices for SI Financial Group s common stock for the periods indicated.

	High	Low	Dividends Paid Per Share
Year Ending December 31, 2010:			
Fourth Quarter (through November 1, 2010)	$ 6.89	$ 5.69	$ 0.03
Third Quarter	7.00	5.77	0.03
Second Quarter	6.83	5.90	0.03
First Quarter	7.00	4.80	
Year Ended December 31, 2009:			
Fourth Quarter	$ 5.35	$ 4.15	
Third Quarter	5.00	3.80	
Second Quarter	6.58	3.52	
First Quarter	7.95	2.99	0.04
Year Ended December 31, 2008:			
Fourth Quarter	$ 8.00	$ 4.90	0.04
Third Quarter	10.00	7.01	0.04
Second Quarter	10.49	8.09	0.04
First Quarter	10.00	9.42	0.04

At November 1, 2010, SI Financial Group had approximately 897 shareholders of record, not including those who hold shares in street name. On the effective date of the conversion, all publicly held shares of SI Financial Group common stock, including shares held by our officers and directors, will be converted automatically into and become the right to receive a number of shares of new SI Financial Group common stock determined pursuant to the exchange ratio. See *Proposal 1 Approval of the Plan of Conversion and Offering Share Exchange Ratio for Current Shareholders.* Options to purchase shares of SI Financial Group common stock will be converted into options to purchase a number of shares of new SI Financial Group common stock adjusted pursuant to the exchange ratio, for the same aggregate exercise price.

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Capitalization

The following table presents the historical capitalization of SI Financial Group at June 30, 2010 and the capitalization of new SI Financial Group reflecting the offering (referred to as pro forma information). The pro forma capitalization gives effect to the assumptions listed under *Pro Forma Data*, based on the sale of the number of shares of common stock indicated in the table. This table does not reflect the issuance of additional shares as a result of the exercise of options granted under the 2005 Equity Incentive Plan or the proposed new equity incentive plan. **A change in the number of shares to be issued in the offering may materially affect pro forma capitalization.** We must sell a minimum of 5,578,125 shares to complete the offering.

		Pro Forma Capitalization Based Upon the Sale of			
(Dollars in thousands)	**At June 30, 2010**	**Minimum of Offering Range 5,578,125 Shares at $8.00 Per Share**	**Midpoint of Offering Range 6,562,500 Shares at $8.00 Per Share**	**Maximum of Offering Range 7,546,875 Shares at $8.00 Per Share**	**15% Above Maximum of Offering Range 8,678,906 Shares at $8.00 Per Share**
Deposits (1)	$ 676,781	$ 676,781	$ 676,781	$ 676,781	$ 676,781
Borrowings	122,417				