INDEPENDENT BANK CORP
Form DEF 14A
March 14, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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

Filed by the Registrant þ
Filed by a Party other than the Registrant o

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

INDEPENDENT BANK CORP.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):
þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

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

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o Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

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March 14, 2008

Dear Fellow Shareholder:

I am pleased to invite you to our 2008 Annual Shareholders Meeting, which will be held at 10:00 a.m. on Thursday, April 17, 2008 at the Radisson Hotel in Rockland, Massachusetts. The formal meeting notice and proxy statement on the following pages contain information about the meeting.

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

Cordially,

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

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DIRECTIONS TO ANNUAL MEETING

DRIVING DIRECTIONS

From Boston and Points North:

Ø Take Route 93 South to Route 3 South

Ø Take Exit 14 (Rockland, Nantasket) off Route 3

Ø At the end of the exit ramp bear right onto Hingham Street (Route 228)

Ø The Radisson Hotel is located approximately 0.4 miles on the left behind Bellas Restaurant.

From Cape Cod:

Ø Take Route 3 North to Exit 14 (Rockland, Nantasket)

Ø At the end of the exit ramp turn left onto Hingham Street (Route 228)

Ø The Radisson Hotel is located approximately 0.7 miles on the left behind Bellas Restaurant

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NOTICE OF ANNUAL SHAREHOLDERS MEETING

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

RADISSON HOTEL ROCKLAND
929 Hingham Street
Rockland, Massachusetts 02370
on April 17, 2008 at 10:00 a.m.

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

(1) Reelect Christopher Oddleifson, Robert D. Sullivan, and Brian S. Tedeschi to serve as Class III Directors;

(2) Ratify the selection of KPMG LLP as the independent registered public accounting firm of Independent Bank Corp. for 2008; and

(3) Transact any other business which may properly come before the annual meeting.

You may vote at the annual meeting if you were a shareholder of record at the close of business on February 19, 2008.

By Order of the Independent Bank Corp. Board of Directors

Linda M. Campion
Clerk
Rockland, Massachusetts
March 14, 2008

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

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INDEPENDENT BANK CORP. PROXY STATEMENT

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2008 PROXY STATEMENT

THE ANNUAL MEETING AND VOTING PROCEDURES

What is the purpose of the annual meeting?

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

Who can vote?

Shareholders of record at the close of business on February 19, 2008 are entitled to vote. Each share of common stock is entitled to one vote at the annual meeting. On February 19, 2008, 13,786,781 shares of our common stock were outstanding and eligible to vote.

How do I vote?

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

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

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

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

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

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

Can I change my vote?

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

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

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

Who is asking for my vote?

The Independent Bank Corp. Board of Directors (the Board) is requesting your vote. We filed this proxy statement with the United States Securities and Exchange Commission (the SEC) on March 14, 2008 and the Board anticipates that it will be mailed to you on or about March 17, 2008.

What are your voting recommendations?

The Board recommends that you vote as follows:

(1) **FOR ALL NOMINEES** with respect to the reelection of Christopher Oddleifson, Robert D. Sullivan, and Brian S. Tedeschi as Class III directors.

(2) **FOR** with respect to ratifying the appointment of KPMG LLP as our independent registered public accounting firm for 2008.

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

How many votes are needed?

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

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

A majority of votes cast by shareholders present, in person or by proxy, at the annual meeting is required to ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2008.

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

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

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

Who can attend the meeting?

Shareholders of record as of February 19, 2008 may attend the meeting, and may be accompanied by one guest. Even if you plan to attend the annual meeting, we encourage you to vote your shares by proxy. If you choose to attend, please bring proof of stock ownership and proof of your identity with you.

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How many shareholders need to attend the meeting?

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

Householding of annual meeting materials

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

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

MATTERS TO BE VOTED UPON AT ANNUAL MEETING

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

Election of Directors (Notice Item 1)

The Company s articles of organization provide that the Board shall be divided into three classes as nearly equal in number as possible, and that the members of each class are to be elected for a term of three years. Directors Alfred L. Donovan, E. Winthrop Hall, and W. Paul Clark, retired from the Board during 2007, so there are now 12 members of the Board, divided into three classes of directors.

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

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

All director candidates are evaluated in accordance with the criteria set forth in the Company s Governance Principles, which may be viewed by accessing the *Investor Relations* link on the Rockland Trust website *(http://www.rocklandtrust.com)*, with respect to director qualifications. The nominating committee has nominated the following directors, who we refer to in this proxy statement as the board nominees, for reelection at the annual meeting to the class of directors whose terms will expire at the 2011 annual meeting:

Class III Directors (Nominees for Terms Expiring in 2011):

Christopher Oddleifson. Age 49. Mr. Oddleifson has served as President and Chief Executive Officer of Rockland Trust and the Company since 2003. From 1998 to 2002 Mr. Oddleifson was President of First Union Home Equity Bank, a national banking subsidiary of First Union Corporation (now Wachovia Corporation) in Charlotte, North Carolina. Until its acquisition by First Union, Mr. Oddleifson was the Executive Vice President, responsible for Consumer Banking, for Signet Bank in Richmond, Virginia. He has also worked as a management consultant for Booz, Allen and Hamilton in Atlanta, Georgia. Mr. Oddleifson has served as a director of Rockland Trust and the Company since 2003.

Robert D. Sullivan. Age 65. Mr. Sullivan is President of Sullivan Tire Co, Inc., a retail and commercial tire and automotive repair service with locations throughout Massachusetts, Maine, New Hampshire, Connecticut and Rhode Island. Mr. Sullivan has served as a director of Rockland Trust since 1979 and as a director of the Company since 2000.

Brian S. Tedeschi. Age 57. Mr. Tedeschi is Chairman of the Board of Directors of Tedeschi Realty Corporation, a real estate development company in Rockland, Massachusetts. Mr. Tedeschi has served as a director of Rockland Trust since 1980 and as a director of the Company since 1991.

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

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

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

The audit committee has appointed KPMG LLP to serve as our independent registered public accounting firm for 2008. While we are not required to have shareholders ratify the selection of KPMG LLP as our independent registered public accounting firm, the Board considers the selection of the independent registered public accounting firm to be an important matter and is therefore submitting the selection of KPMG LLP for ratification by shareholders as a matter of good corporate practice.

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The following table shows the fees paid or accrued by us for audit, audit related, and tax services provided by KPMG LLP during the fiscal years ended December 31, 2007 and December 31, 2006:

	2007	2006
Audit Fees:		
Audit	$ 515,000	$ 460,000
SEC Filings	$ 34,000	$ 7,500
Audit Related:		
Benefit Plan Audit	$ 3,500	$ 17,000
Accounting Issues	$ 32,700	$ 16,750
Acquisition Due Diligence	$ 28,000	$ 14,000
All Other Fees:		
Tax Compliance	$ 56,000	$ 53,900
Tax Consulting	$ 29,450	$ 42,000
Totals:	$ 698,650	$ 611,150

The audit committee has considered the nature of the other services provided by KPMG LLP and determined that they are compatible with the provision of independent audit services. The audit committee has discussed the other services with KPMG LLP and management to determine that they are permitted under the rules and regulations concerning auditor independence promulgated by the SEC to implement the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act).

The Board recommends that shareholders vote in favor of ratifying KPMG LLP as our independent registered public accounting firm for 2008. If shareholders do not ratify selection of our independent registered public accounting firm, the audit committee will reconsider the appointment of KPMG LLP at the appropriate time. We anticipate, however, that there would be no change in our independent registered public accounting firm made for 2008 if shareholders do not ratify the selection of KPMG LLP because of the practical difficulty and expense associated with making such a change mid-year. Even if shareholders ratify the selection of KPMG LLP the audit committee may, in its discretion, change our independent registered public accounting firm at any time if it determines that it would be in the best interests of the Company to do so.

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

The Board Therefore Recommends That You Vote FOR Ratifying The Selection of KPMG LLP As The Independent Registered Public Accounting Firm of The Company For 2008.

Other Matters (Notice Item 3)

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

BOARD OF DIRECTORS INFORMATION

Current Board Members

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

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

Richard S. Anderson. Age 65. Mr. Anderson is President and Treasurer of Anderson-Cushing Insurance Agency, Inc., an insurance broker in Middleborough, Massachusetts. Mr. Anderson has served as a director of Rockland Trust and the Company since 1992.

Kevin J. Jones. Age 56. Mr. Jones is Treasurer of Plumbers Supply Company, a wholesale plumbing supply company, in Fall River, Massachusetts. Mr. Jones has served as a director of Rockland Trust since 1997 and as a director of the Company since 2000.

Donna A. Lopolito, Age 49. Ms. Lopolito is a Client Service Chief Financial Officer and Business Development Officer of AccountAbility Outsourcing, Inc., a firm based in Newton, Massachusetts. Ms. Lopolito has served as a director of Rockland Trust and the Company since 2005.

Richard H. Sgarzi. Age 65. Mr. Sgarzi is the President and Treasurer of Black Cat Cranberry Corp., a cranberry grower in Plymouth, Massachusetts. Mr. Sgarzi has served as a director of Rockland Trust since 1980 and as a director of the Company since 1994.

Thomas J. Teuten. Age 67. Mr. Teuten is Chairman of the Board of A.W. Perry, Inc., a real estate investment company in Boston, Massachusetts, and its wholly-owned subsidiary A.W. Perry Security Corporation. Mr. Teuten was named Chairman of the Board of Rockland Trust and the Company in July 2003. Mr. Teuten has served as a director of Rockland Trust since 1975 and as a director of the Company since 1986.

Class II Directors (Term Expiring in 2010) (Directors Continuing In Office):

Benjamin A. Gilmore, II. Age 60. Mr. Gilmore is President of Gilmore Cranberry Co., Inc., a cranberry grower in South Carver, Massachusetts, and is also an engineering consultant. Mr. Gilmore has served as a director of Rockland Trust and the Company since 1992.

Eileen C. Miskell. Age 50. Ms. Miskell is the Treasurer of The Wood Lumber Company, a lumber company based in Falmouth, Massachusetts. Ms. Miskell has served as a director of Rockland Trust and the Company since 2005.

Carl Ribeiro. Age 61. Mr. Ribeiro is the owner and President of Carlson Southcoast Corporation, a holding company for several food industry businesses based in New Bedford, Massachusetts. Mr. Ribeiro is also the Chairman of Famous Foods, an internet food distributor based in New Bedford, Massachusetts, and the President of Advanced Antenna Technologies, an antenna development company based in New Bedford, Massachusetts. Mr. Ribeiro has served as a director of Rockland Trust and the Company since March 1, 2008.

John H. Spurr, Jr. Age 61. Mr. Spurr is President of A.W. Perry, Inc., a real estate investment company in Boston, Massachusetts, and its wholly-owned subsidiary A.W. Perry Security Corporation. Mr. Spurr has served as a director of Rockland Trust since 1985 and as a director of the Company since 2000.

Corporate Governance Information

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

[1] We have included references to the Rockland Trust website address at different points in this proxy statement as an inactive textual reference and do not intend it to be an active link to our website. Information contained on our website is not incorporated by reference into this proxy statement.

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

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

Shareholder Communications to Board

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

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

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

Shareholder Director Nominations

In accordance with the Company s By-Laws and its Charter, the nominating committee considers director nominees submitted by shareholders. The Company s By-Laws, a copy of which are attached as an Exhibit to the Company s Form 8-K filed with the SEC on May 18, 2005, require shareholders to submit director nominations to the Company not less than 75 days nor more than 125 days prior to the anniversary date of the immediately preceding annual meeting. The nomination must set forth the name, age, business address, residence address, occupation, and amount of common stock held by the director nominee, as well as the written consent of the nominee. The shareholder must also include his or her name, record address, and amount of common stock held in the nomination. The shareholder must make certain further representations, as set forth in the Company s By-Laws. Shareholders should submit any director nominations, in writing, to the Clerk, Independent Bank Corp., 288 Union Street, Rockland, Massachusetts 02370.

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

> Directors should, as a result of their occupation, background, and/or experience, possess a mature business judgment that enables them to make a positive contribution to the Board. Directors are expected to bring an inquisitive and objective perspective to their duties. Directors should possess, and demonstrate through their actions on the Board, exemplary ethics, integrity, and values.
>
> Directors will be ineligible to continue to serve on the Board once they attain the age of 72. Directors who attain the age of 72 during their elected term as a Director will retire from the Board upon reaching the age of 72.

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

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

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

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

Shareholder Proposals for Next Annual Meeting

If you are interested in submitting a proposal for inclusion in the proxy statement for the 2009 annual meeting, you need to follow the procedures outlined in Rule 14a-8 of the Exchange Act. Any shareholder who wishes to present a proposal for consideration by all of the Company s shareholders at the 2009 Annual Meeting will be required, pursuant to Rule 14a-8, to deliver the proposal to the Company no later than November 14, 2008. In the event the Company receives notice of a shareholder proposal to take action at next year s annual meeting of shareholders that is not submitted for inclusion in the Company s proxy material, or is submitted for inclusion but is properly excluded from the proxy material, the persons named in the proxy sent by the Company to its shareholders intend to exercise their discretion to vote on the shareholder proposal in accordance with their best judgment if notice of the proposal is not received at the Company s principal executive offices by January 28, 2009. Please forward any shareholder proposals, in writing, to the Clerk, Independent Bank Corp., 288 Union Street, Rockland, Massachusetts 02370.

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

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

During 2007, the Boards of the Company and Rockland Trust had 13 concurrent meetings. All directors attended at least 75% of the meetings of our Board during 2007, with the exception of Director Tedeschi who attended 69% of the meetings.

During 2007 the Boards of the Company and Rockland Trust both had standing executive, audit, compensation, and nominating committees with the same membership. During 2007 the Rockland Trust Board also had a standing trust committee. All Board committees operate under a written charter approved by the Board which describes the committee s role and responsibilities. The charter for each Board committee may be viewed by accessing the *Investor Relations* link on the Rockland Trust website *(http://www.rocklandtrust.com).*

Director membership on Board committees as of December 31, 2007 is as noted below. Three directors serve as rotating members of the executive committee for a three month term, with the term of each rotating director staggered so that a new director rotates on and off of the committee each month. In October, 2007, upon retirement of Director W. Paul Clark, the Boards of the Company and Rockland Trust elected Mr. Jones as Chairman of the executive committee and Mr. Gilmore as Chairman of the compensation committee. Also in October 2007, Mr. Sgarzi was elected Chairman of the trust committee. In November 2007 Directors Lopolito and Miskell were

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elected as members of the nominating committee. The following table provides committee membership as of December 31, 2007 for current directors and 2007 meeting information for each of the standing committees of the Company s Board:

Name	Executive	Audit	Compensation	Nominating
Mr. Jones	X*		X	X
Mr. Sgarzi	X		X	X
Mr. Teuten	X		X	X
Mr. Oddleifson	X			
Mr. Anderson	X (rotating basis)			X*
Mr. Gilmore	X (rotating basis)		X*	
Ms. Lopolito	X (rotating basis)	X		X
Ms. Miskell	X (rotating basis)	X		X
Mr. Spurr	X (rotating basis)	X*		
Mr. Sullivan	X (rotating basis)	X**		
Mr. Tedeschi	X (rotating basis)			
Total Meetings Held In 2007	**23 meetings**	**5 meetings**	**12 meetings**	**2 meetings**

* indicates Committee Chairman

** indicates Committee Vice Chairman

All directors attended at least 75% of the 2007 committee meetings of the Board of which they were members.

Compensation Committee Interlocks and Insider Participation

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

Director Cash and Equity Compensation

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

Director Cash Compensation

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

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The annual retainers and Board and committee meeting fees for non-employee directors of the Company and of Rockland Trust during 2007 were as follows:

Position	Annual Retainer	Board Meeting Fee	Committee Meeting Fee
Chairman of the Board	$ 15,000	$ 1,800	$ 1,000
Chairman Executive Committee	$ 15,000		$ 1,600
Chairman Compensation Committee	$ 10,000		$ 1,600
Chairman Audit Committee	$ 12,500		$ 1,600
Vice Chairman Audit Committee	$ 12,500		$ 1,600
Chairman Nominating Committee			$ 1,600
Permanent Executive Committee Member	$ 12,500	$ 850	$ 1,000
Rotating Executive Committee Member	$ 10,000	$ 850	$ 1,000
Audit Committee Member			$ 1,250
Nominating Committee Member			$ 1,000
Chairman Trust Committee			$ 1,600

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

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

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

Director Equity Compensation

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

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The following table summarizes the cash and equity compensation paid to non-employee directors in 2007:

DIRECTOR COMPENSATION TABLE

Name (a)	Fees Earned or Paid in Cash(2) (b)	Stock Awards(3) (c)	Option Awards(3) (d)	Non-Equity Incentive Plan Compensation (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (f)	All Other Compensation (4) (g)	Total (h)
Richard S. Anderson	$ 29,650.00	$ 4,360		N/A	N/A	$ 404	$ 34,414.00
W. Paul Clark(1)	$ 54,550,00	$ 19,518		N/A	N/A	$ 404	$ 74,472.00
Alfred L. Donovan(1)	$ 1,833.33	$ 12,874		N/A	N/A	$ 64	$ 14,774.33
Benjamin A. Gilmore, II	$ 34,650.00	$ 4,360		N/A	N/A	$ 404	$ 39,414.00
E. Winthrop Hall(1)	$ 11,833.33	$ 16,107		N/A	N/A	$ 132	$ 28,072.33
Kevin J. Jones	$ 48,750.00	$ 4,360		N/A	N/A	$ 404	$ 53,514.00
Donna A. Lopolito	$ 34,700.00	$ 4,360	$ 12,196	N/A	N/A	$ 404	$ 51,660.00
Eileen C. Miskell	$ 34,850.00	$ 4,360	$ 12,196	N/A	N/A	$ 404	$ 51,810.00
Richard H. Sgarzi	$ 47,550.00	$ 4,360		N/A	N/A	$ 404	$ 52,314.00
John H. Spurr, Jr.	$ 40,950.00	$ 4,360		N/A	N/A	$ 404	$ 45,714.00
Robert D. Sullivan	$ 40,350.00	$ 4,360		N/A	N/A	$ 404	$ 45,114.00
Brian S. Tedeschi	$ 25,150.00	$ 4,360		N/A	N/A	$ 404	$ 29,914.00
Thomas J. Teuten	$ 61,800.00	$ 4,378		N/A	N/A	$ 404	$ 66,582.00

(1) Mr. Clark , Mr. Donovan, and Mr. Hall retired from the Board in 2007 upon reaching the mandatory retirement age of 72.

(2) Column (b) reflects the total fees earned or paid in cash for directors. As noted above, during the past year the following directors chose to defer some or all of their cash compensation pursuant to the Deferred Compensation Program: Director Anderson 100% deferred; Director Jones 100% deferred; Director Miskell 100% deferred; and Director Spurr 50% deferred.

(3) The amounts in columns (c) and (d) represent the compensation costs of restricted stock awards and option awards granted to directors as reflected in the Company s financial statements, excluding the impact of estimated forfeitures. No director awards were forfeited during the year. Restricted stock awards and option awards were valued as of the grant date in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (FAS 123R). The full grant date fair value of the restricted stock awards granted in 2006 was $12,892 per Director, or $167,596 in the aggregate. The full

grant date fair value of the restricted stock awards granted in 2007 was $12,628 per Director, or $164,164 in the aggregate. The full grant-date fair value of the option awards granted in 2006 to Directors Lopolito and Miskell, computed in accordance with FAS 123R, was $36,520 each or $73,040 in the aggregate. There were no option awards granted to directors in 2007.

(4) Column (g) reflects the dividends paid to directors during 2007 for their unvested restricted stock.

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As of December 31, 2007, the aggregate number of restricted stock awards and stock option awards for each non-employee director was as follows:

Name	Aggregate Outstanding Restricted Stock Awards per Director	Aggregate Outstanding Stock Option Awards per Director
Richard S. Anderson	800	6,000
W. Paul Clark, Alfred L. Donovan		8,000
Benjamin A. Gilmore, II, Richard H. Sqarzi and Brian S. Tedeschi	800	8,000
E. Winthrop Hall		6,000
Kevin J. Jones	800	7,000
Donna A. Lopolito, Eileen C. Miskell, Robert D. Sullivan, and Thomas J. Teuten	800	5,000
John H. Spurr, Jr.	800	4,000

Report of the Audit Committee[2]

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

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

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

The audit committee has:

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

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

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reviewed and discussed our audited, consolidated financial statements for the fiscal year ended December 31, 2007 with our management and KPMG LLP, our independent registered public accounting firm, including a discussion of the quality and effect of our accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements;

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

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

Based on the review and discussions noted above, the audit committee has voted to include our audited financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 for filing with the SEC.

Submitted by:
John H. Spurr, Jr., Chairman
Robert D. Sullivan, Vice-Chairman
Donna A. Lopolito
Eileen C. Miskell
Audit Committee
Independent Bank Corp.

Related Party Transactions

Since January 1, 2007, neither the Company nor Rockland Trust has been a party to any transaction or series of transactions in which the amount involved exceeded $120,000 and which any director, executive officer, or holder of more than 5% of our stock, or any member of the immediate family of any such person, had or will have a direct or indirect material interest other than:

standard compensation arrangements described below under Executive Officer Information ; and

the transactions described below.

Pursuant to various regulatory requirements and other applicable law, the Board of Rockland Trust must approve certain extensions of credit, contracts, and other transactions between Rockland Trust and any director or executive officer. The Board has adopted a written policy, and Rockland Trust has established written procedures, to implement these requirements which state, in essence, that any transaction between Rockland Trust and any director or executive officer must be made on terms comparable to those which Rockland Trust would reach with an unrelated, similarly situated third-party. Rockland Trust s General Counsel and Rockland Trust s designated Federal Reserve Bank Regulation O officer share responsibility for oversight and implementation of the Board policy and Rockland Trust procedures for review of related party transactions.

In August 1989 A.W. Perry, Inc., a real estate developer (A.W. Perry), and Rockland Trust entered into a joint venture to develop a three story office building containing approximately 22,000 square feet on a parcel of land in Hanover, Massachusetts (the Hanover Building). A.W. Perry and Rockland Trust each had a fifty percent (50%) interest in that joint venture. In 1990, when construction was complete, Rockland Trust entered into a long term lease for a substantial portion of the Hanover Building. Pursuant to that lease, as amended, Rockland Trust currently occupies all of the Hanover Building. During 2007 Rockland Trust paid approximately $313,626 in rent to the landlord for the Hanover Building, an entity in which due to the joint venture A.W. Perry and Rockland Trust each have a fifty percent (50%) interest. Directors Thomas J. Teuten and John H. Spurr, Jr. are, respectively, Chairman of the Board and President of A.W. Perry. The total rent that Rockland Trust paid during the past year to the landlord for the Hanover Building does not exceed five percent (5%) of A.W. Perry s 2007 consolidated gross revenues.

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

Some of the directors and executive officers of the Company, as well as members of their immediate families and the companies, organizations, trusts, and other entities with which they are associated, are, or during 2007 were, also customers of Rockland Trust in the ordinary course of business, or had loans outstanding during 2007, including loans of $200,000 or more, and it is anticipated that such persons and their associates will continue to be customers of and indebted to Rockland Trust in the future. All such loans were made in the ordinary course of business, did not involve more than normal risk of collectibility or present other unfavorable features, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unaffiliated persons and, where required by law, were prior approved by the Rockland Trust Board. At December 31, 2007, such loans amounted to approximately $28.4 million (12.86% of total shareholders equity). None of these loans to directors, executive officers, or their associates are nonperforming.

EXECUTIVE OFFICER INFORMATION

Current Executive Officers

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

Name	Position	Age
Christopher Oddleifson	President and CEO of the Company and Rockland Trust	49
Raymond G. Fuerschbach	Senior Vice President and Director of Human Resources of Rockland Trust	57
Edward F. Jankowski	Chief Technology and Operations Officer of Rockland Trust	57
Gerard F. Nadeau	Executive Vice President of Rockland Trust	49
Jane L. Lundquist	Executive Vice President, Director of Retail Banking and Corporate Marketing of Rockland Trust	54
Edward H. Seksay	General Counsel of the Company and Rockland Trust	50
Denis K. Sheahan	Chief Financial Officer and Treasurer of the Company and Chief Financial Officer of Rockland Trust	42

Ferdinand T. Kelley, who retired in 2007, also served as an executive officer of Rockland Trust as Executive Vice President of the Rockland Trust Commercial Lending Division and Investment Management Group for a portion of 2007. Mr. Kelley retired on October 1, 2007. On Mr. Kelley s retirement, he vested in his SERP benefit and was paid a prorated 2007 cash incentive compensation award of $60,000. Compensation information for Mr. Kelley is presented in the tables set forth below.

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

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

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

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

Gerard F. Nadeau. Mr. Nadeau has served as the Executive Vice President, Commercial Lending Division of Rockland Trust since July 1, 2007. Mr. Nadeau has worked at Rockland Trust in a variety of capacities since 1984, most recently serving as a Senior Vice President in the Commercial Lending Division from 1992 until 2007.

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

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

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

Compensation Discussion and Analysis

Compensation Committee   Composition and Responsibility

The Board has determined that all members of the compensation committee are independent directors in accordance with NASDAQ rules. There are currently four directors who serve on the compensation committee: Director Gilmore as Chair, and Directors Jones, Sgarzi, and Teuten.

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

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

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

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

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

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

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

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

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

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

Compensation Philosophy

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

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

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

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

Aligning the interests of executive officers and shareholders;

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

Creating a high-performance work culture.

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

Peer Groups and Benchmarks

The Company periodically benchmarks executive officer total compensation against a peer group. The compensation committee periodically assesses the relevancy of the companies within the peer group and makes changes when appropriate. For 2007, the Peer Group consisted of 17 financial institutions in the New England and Mid-Atlantic market with total assets ranging from approximately $1.5 billion to approximately $5.5 billion. Banks selected as peers for compensation purposes are public and actively traded banks with consumer lending balances representing less than 25% of total loans. Banks located primarily in the New York City market are excluded from the peer group.

The companies included in the peer group in 2007 were: NBT Bancorp Inc., Community Bank Systems, Inc., S&T Bancorp, Inc., Harleysville National Corporation, Sandy Spring Bancorp, Inc., WSFS Financial Corporation, KNBT Bancorp, Inc., Washington Trust Bancorp, Inc., Brookline Bancorp, Inc., Lakeland Bancorp, Inc., Berkshire

Hills Bancorp, Inc., Univest Corporation of Pennsylvania, Sterling Bancorp, Omega Financial Corporation, Camden National Corporation, Willow Financial Bancorp, Inc., and Arrow Financial Corporation.

In addition to benchmarking against the peer group, the compensation committee evaluates executive compensation by reviewing national and regional surveys that cover a broader group of companies.

Executive Compensation Elements

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

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

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

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

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

Base Salary

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

The Company determined the base salary for Mr. Oddleifson, the CEO, when he was hired in 2003 based upon reported information on salaries paid to CEOs at peer institutions, the salary paid to his predecessor, and other relevant considerations. The Board evaluates, at least twice a year, Mr. Oddleifson s performance in light of established corporate strategic goals and financial objectives. A review of Mr. Oddleifson s performance for 2007 was conducted at executive sessions of the Board in July 2007 and again in January 2008. The Board completed its 2007 performance evaluation of Mr. Oddleifson in February 2008 and approved a base salary increase for him.

Year 2007 performance evaluations of Ms. Lundquist, Mr. Nadeau, Mr. Seksay, and Mr. Sheahan were also completed in February 2008. The Board approved base salary increases for Ms. Lundquist, Mr. Nadeau, Mr. Seksay, and Mr. Sheahan at that time based upon the recommendations of the compensation committee and the evaluation of their performance by CEO Oddleifson.

Annual Cash Incentive Compensation

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

In February 2007 the Board approved the 2007 Executive Cash Incentive Plan, which provided for cash incentive payment to executive officers for 2007 to be determined as follows:

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

payments for each other executive officer were determined from the product of the participant s Target Award multiplied by the Bank Performance Adjustment Factor and multiplied by the participant s Individual Performance Adjustment Factor.

A Target Award was an executive officer s base salary on November 1, 2007, multiplied by the target percentage established for each executive officer, as follows: CEO Oddleifson 45%, Mr. Nadeau 30%, Ms. Lundquist 30%, Mr. Seksay 20%, and Mr. Sheahan 30%.

The Bank Performance Adjustment Factor was determined by the level of the Company s performance against criteria for earnings per share (EPS), return on average equity (ROAE), and return on average assets (ROAA). In the 2007 Executive Cash Incentive Plan, the EPS measurement was defined as GAAP diluted earnings per share before annual cash incentive payments, as adjusted for material non reoccurring events. The target EPS for 2007, so defined, was $2.28, with a threshold for payment of $2.12 and a maximum plan payout of $2.37. The range of the Bank Performance Adjustment Factor for the CEO, and for all executive officers other than the CEO, is based upon the level of the Company s attainment against those EPS criteria, as follows: CEO range 25% threshold to 200% maximum; the range for all other executive officers was 50% threshold to 125% maximum. If 2007 Executive Cash Incentive Plan threshold levels for either ROAE of 12.5% or ROAA of 1.00% were not met, the Bank Performance Adjustment Factor, as determined by the Company s performance against EPS criteria, would be reduced to 75% of what the Bank Performance Adjustment Factor would have been using only the EPS criteria. The 2007 Executive Cash Incentive Plan also permitted payments to be reduced if regulatory compliance results or asset quality measures are not satisfactory.

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

The 2007 Executive Cash Incentive Plan was administered by the Board based upon the recommendations of the compensation committee. All determinations regarding the achievement of any performance goals, the achievement of individual performance goals and objectives, and the amount of any individual award were made by the Board, in its sole and absolute discretion, based upon the recommendations of the compensation committee. The Board s determinations need not be uniform and may be made selectively among persons who receive, or who are eligible to receive, an award. Notwithstanding any other provision of the 2007 Executive Cash Incentive Plan to the contrary, the

Board reserved the right, in its sole and absolute discretion, to: make adjustments to the Bank Performance Adjustment Factor, within the range of parameters set forth in the 2007 Executive Cash Incentive Plan, based upon one-time, non-recurring, or extraordinary events or any other reason that the Board deems appropriate; increase the award for the CEO up to a maximum of 1.25 times the amount that would be called for by the product of the CEO s Target Award multiplied by the Bank Performance Adjustment Factor; and to reduce, including a reduction to zero, any award to an executive officer otherwise payable.

In February 2008 the Board approved payments to the CEO and the named executive officers under the 2007 Executive Cash Incentive Plan in the amounts set forth below in the summary compensation table. The Board based

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its decision to approve payments to the CEO and the other executive officers within the parameters established by the 2007 Executive Cash Incentive Plan based upon:

EPS of $2.24 attained under the Plan s EPS definition;

The Company exceeding both the ROAA and ROAE thresholds;

The Company achieving satisfactory compliance and asset quality levels;

The recommendations of the compensation committee;

The Board s review of the CEO s performance; and

The CEO s review of the performance of the other named executive officers.

Long Term Compensation

Equity Compensation

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

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

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

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

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

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

Mr. Oddleifson, Mr. Nadeau, Ms. Lundquist, Mr. Seksay, and Mr. Sheahan received stock option awards under the 2005 Plan in February 2007 and February 2008. Mr. Nadeau received an award of stock options in July 2007 upon his promotion to Executive Vice President of Commercial Lending. Prior to his retirement, Mr. Kelley received options in February 2007. Each option provides the right to purchase a fixed number of shares at fair market value on the date of the grant. The options have a ten year term and a five year vesting schedule. The number of shares granted to each executive officer in 2007 reflects the Company s assessment of the individual s relative contribution to the Company, long-term compensation practices prevalent in the industry, and the impact of option grants on shareholder dilution.

Benefits

Nonqualified Retirement Plans for Executive Officers