

SECURITIES AND EXCHANGE COMMISSION

FORM S-4EF

Auto effective registration statement for securities issued in connection with the formation of a bank or savings and loan holding company in compliance with General Instruction G

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FILER

PEOPLES BANCORP INC /NJ/

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As filed with the Securities and Exchange Commission on
March 10, 1997

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

PEOPLES BANCORP, INC.
(Exact name of registrant as specified in charter)

| | | |
|--|-------------------|--------------------------------------|
| Delaware | 6712 | To be applied for |
| (State or other jurisdiction of incorporation or organization) | (Primary SIC No.) | (I.R.S. Employer Identification No.) |

134 Franklin Corner Road
Lawrenceville, New Jersey 08648-0950
(609) 844-3100
(Address, including Zip Code, and telephone number, including area code of Registrant's principal executive offices)

Eric Luse, Esq.
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A Professional Corporation
5335 Wisconsin Avenue, N.W.
Suite 400
Washington, D.C. 20015
(202) 274-2000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Approximate date of commencement of proposed sale of the securities to the public:
As soon as practicable after receipt of all regulatory approvals.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. / X /

<TABLE>
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CALCULATION OF REGISTRATION FEE

| Title of each class of securities to be registered | Amount to be registered | Proposed maximum offering price per unit | Proposed max. offering price | Amount of registration fee |
|--|----------------------------|--|------------------------------|----------------------------|
| <S> Common Stock \$.10 par value | <C> 3,242,000 shares | <C> \$15.94 (1) | <C> \$51,677,480 | <C> \$15,660 |
| Common Stock \$.10 par value | 311,650 | \$13.50 (2) | \$ 4,207,300 | \$ 1,275 |
| Total Fee Paid | | | | \$16,935 |

</TABLE>

- (1) Pursuant to Rule 457(c), the registration fee is based upon the average of the high and low prices for Trenton Savings Bank, FSB as of March 5, 1997.
- (2) Represents shares underlying options. Such options have an exercise price of \$13.50 per share.

Trenton
Savings Bank

March 14, 1997

Dear Stockholder:

We cordially invite you to attend the Annual Meeting of Stockholders of Trenton Savings Bank ("the Bank"). The Annual Meeting will be held at the Trenton Country Club, Sullivan Way, West Trenton, New Jersey, at 10:00 a.m. (New Jersey time) on April 25, 1997.

The enclosed Notice of Annual Meeting and Proxy Statement/Prospectus describe the formal business to be transacted. During the meeting we will also report on the operations of the Bank. Directors and officers of the Bank, as well as a representative of our independent auditors, will be present to respond to any questions that stockholders may have.

The business to be conducted at the annual meeting includes the election of one director, the approval of the reorganization of the Bank into a "two-tier " holding company structure, and the ratification of the appointment of KPMG Peat Marwick, LLP as auditors for the Bank's 1997 fiscal year.

The Board of Directors of the Bank has determined that the matters to be considered at the Annual Meeting are in the best interest of the Bank and its stockholders. For the reasons set forth in the Proxy Statement/Prospectus, the Board of Directors unanimously recommends a vote "FOR" each matter to be considered.

Also enclosed for your review is our Annual Report to Stockholders, which contains detailed information concerning the activities and operating performance of the Bank. On behalf of the Board of Directors, we urge you to sign, date and return the enclosed proxy card as soon as possible even if you currently plan to attend the Annual Meeting. This will not prevent you from voting in person, but will assure that your vote is counted if you are unable to attend the meeting.

Sincerely,

Wendell T. Breithaupt
President and Chief Executive Officer

John B. Sill, Jr.
Chairman

TRENTON SAVINGS BANK
134 Franklin Corner Road
Lawrenceville, New Jersey 08648-0950
(609) 844-3100

NOTICE OF
ANNUAL MEETING OF STOCKHOLDERS
To Be Held On April 25, 1997

Notice is hereby given that the Annual Meeting of Trenton Savings Bank (the "Bank") will be held at the Trenton Country Club, Sullivan Way, West Trenton, New Jersey, on April 25, 1997 at 10:00 a.m. New Jersey time.

A Proxy Card and a Proxy Statement/Prospectus for the Meeting are enclosed.

The Meeting is for the purpose of considering and acting upon:

1. The election of one director of the Bank;
2. The approval of an Agreement and Plan of Reorganization (the "Plan of Reorganization ") providing for the establishment of Peoples Bancorp, Inc. (the "Stock Holding Company ") as a stock holding company parent of the Bank which stock holding company will be majority owned by Peoples Bancorp, MHC (the "Mutual Holding Company "), the Bank's mutual holding company. Pursuant to the Plan of Reorganization: (i) the Bank will become a wholly owned subsidiary of the Stock Holding Company which will become a majority owned subsidiary of the Mutual Holding Company, and (ii) each outstanding share of common stock, par value \$.10

per share, of the Bank will be converted into one share of common stock, par value \$.10 per share, of the Stock Holding Company;

3. The ratification of the appointment of KPMG Peat Marwick, LLP as auditors for the Bank for the fiscal year ending December 31, 1997; and such other matters as may properly come before the Meeting, or any adjournments thereof. The Board of Directors is not aware of any other business to come before the Meeting.

Any action may be taken on the foregoing proposals at the Meeting on the date specified above, or on any date or dates to which the Meeting may be adjourned. Stockholders of record at the close of business on February 28, 1997, are the stockholders entitled to vote at the Meeting, and any adjournments thereof.

EACH STOCKHOLDER, WHETHER HE OR SHE PLANS TO ATTEND THE MEETING, IS REQUESTED TO SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD WITHOUT DELAY IN THE ENCLOSED POSTAGE-PAID ENVELOPE. ANY PROXY GIVEN BY THE STOCKHOLDER MAY BE REVOKED AT ANY TIME BEFORE IT IS EXERCISED. A PROXY MAY BE REVOKED BY FILING WITH THE SECRETARY OF THE BANK A WRITTEN REVOCATION OR A DULY EXECUTED PROXY BEARING A LATER DATE. ANY STOCKHOLDER PRESENT AT THE MEETING MAY REVOKE HIS OR HER PROXY AND VOTE PERSONALLY ON EACH MATTER BROUGHT BEFORE THE MEETING. HOWEVER, IF YOU ARE A STOCKHOLDER WHOSE SHARES ARE NOT REGISTERED IN YOUR OWN NAME, YOU WILL NEED ADDITIONAL DOCUMENTATION FROM YOUR RECORD HOLDER TO VOTE PERSONALLY AT THE MEETING.

By Order of the Board of Directors

Robert C. Hollenbeck
Corporate Secretary

Lawrenceville, New Jersey
March 14, 1997

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PROXY STATEMENT/PROSPECTUS

TRENTON SAVINGS BANK
134 Franklin Corner Road
Lawrenceville, New Jersey 08648-0950
(609) 844-3100

ANNUAL MEETING OF STOCKHOLDERS
April 25, 1997

This Proxy Statement/Prospectus is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Trenton Savings Bank (the "Bank") to be used at the Annual Meeting of Stockholders of Trenton Savings Bank (the "Meeting"), which will be held at the Trenton Country Club, Sullivan Way, West Trenton, New Jersey, on April 25, 1997, at 10:00 a.m., local time, and all adjournments of the Meeting. The accompanying Notice of Annual Meeting of Stockholders and this Proxy Statement/Prospectus are first being mailed to stockholders on or about March 25, 1997.

REVOCATION OF PROXIES

Stockholders who execute proxies in the form solicited hereby retain the right to revoke them in the manner described below. Unless so revoked, the shares represented by such proxies will be voted at the Meeting and all adjournments thereof. Proxies solicited on behalf of the Board of Directors of the Bank will be voted in accordance with the directions given thereon. Please sign and return your Proxy to the Bank in order for your vote to be counted. Proxies which are signed, but contain no instructions for voting, will be voted "FOR" the proposals set forth in this Proxy Statement for consideration at the Meeting.

Proxies may be revoked by sending written notice of revocation to the Secretary of the Bank, Robert C. Hollenbeck, at the address of the Bank shown above, or by filing a duly executed proxy bearing a later date. The presence at the Meeting of any stockholder who has given a proxy shall not revoke such proxy unless the stockholder delivers his or her ballot in person at the Meeting or delivers a written revocation to the Secretary of the Bank prior to the voting of such proxy.

(continued on next page)

THE SECURITIES ISSUED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, THE OFFICE OF THRIFT SUPERVISION, THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY STATE SECURITIES AUTHORITY. NOR HAS ANY SUCH COMMISSION, OFFICE OR AUTHORITY PASSED ON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS/INFORMATION STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A FEDERAL OFFENSE.

THE SHARES OF COMMON STOCK OFFERED HEREBY ARE NOT SAVINGS ACCOUNTS OR DEPOSITS AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Holders of record of the Bank's common stock, par value \$.10 per share ("Bank Common Stock") as of the close of business on February 28, 1997 (the "Record Date"), are entitled to one vote

for each share then held. As of the Record Date, there were 9,037,160 shares of Bank Common Stock issued and outstanding, 5,796,000 of which were held by Peoples Bancorp, MHC (the "Mutual Holding Company"), and 3,241,160 of which were held by stockholders other than the Mutual Holding Company ("Minority Stockholders"). The presence in person or by proxy of a majority of the outstanding shares of Bank Common Stock entitled to vote is necessary to constitute a quorum at the Meeting. Directors are elected by a plurality of votes cast. Approval of Proposal II requires the affirmative vote of a majority of the outstanding shares of Bank Common Stock, and, consequently, broker non-votes will have the same effect as a vote against Proposal II. Approval of Proposal III requires the affirmative vote of holders of a majority of the total votes present at the Meeting in person or by proxy, and, consequently, broker non-votes will have no effect. The Bank believes that the Mutual Holding Company will vote in favor of the matters submitted for vote at the Meeting. Because the Mutual Holding Company owns more than a majority of the outstanding shares of Bank Common Stock, such affirmative vote will assure approval of all matters presented for vote at the Meeting. However, Minority Stockholder participation is encouraged by management.

Persons and groups who beneficially own in excess of 5% of Bank Common Stock are required to file certain reports with the Office of Thrift Supervision (the "OTS") regarding such ownership pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"). The following table sets forth, as of March 1, 1997, the shares of Bank Common Stock beneficially owned by executive officers and directors as a group and by each person who was the beneficial owner of more than 5% of the outstanding shares of Bank Common Stock on such date.

<TABLE>
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| Name and Address of Beneficial Owners | Amount of Shares Owed and Nature of Beneficial Ownership | Percent of Shares of Common Stock Outstanding |
|---|--|---|
| <S> | <C> | <C> |
| Peoples Bancorp, MHC(2) 134 Franklin Corner Road Lawrenceville, NJ 08648-0950 | 5,796,000 | 64.14% |
| All Directors and Executive Officers as a Group (14 persons) | 223,984 | 2.47% |

</TABLE>

- (1) In accordance with Rule 13d-3 under the Securities Exchange Act of 1934, a person is deemed to be the beneficial owner for purposes of this table, of any shares of Common Stock if he has sole or shared voting or investment power with respect to such shares, or has a right to acquire beneficial ownership at any time within 60 days from the Record Date. As used herein, "voting power" is the power to vote or direct the voting of shares and "investment power" is the power to dispose or direct the disposition of shares. Includes all shares held directly as well as shares owned by spouses and minor children, in trust and other indirect ownership, over which shares the named individuals effectively exercise sole or shared voting or investment power.
- (2) The Bank's directors are also directors of Peoples Bancorp, MHC.

MARKET INFORMATION

The Bank Common Stock is listed on the Nasdaq National Market under the symbol "TSBS." As of the Record Date, there were approximately 19 market makers for Bank Common Stock, 1,245 stockholders of record (excluding the number of persons or entities holding stock in street name through various brokerage firms), and 9,037,160 shares outstanding, which includes shares held by the Mutual Holding Company. The following table sets forth market price and dividend information for the Bank Common Stock in each quarterly period subsequent to the Bank's minority stock offering in August 1995.

<TABLE>
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| Quarter Ended | High | Low | Dividends |
|---------------|--------|--------|-----------|
| <S> | <C> | <C> | <C> |
| 1995 | | | |
| September 30 | 14 1/8 | 11 | .0575 |
| December 31 | 13 3/4 | 12 7/8 | .0875 |
| 1996 | | | |
| March 31 | 15 | 12 7/8 | .0875 |
| June 30 | 15 | 13 1/4 | .0875 |
| September 30 | 15 1/8 | 13 3/4 | .0875 |
| December 31 | 16 3/8 | 14 | .0875 |

</TABLE>

The last trade of the Bank Common Stock on August 16, 1996, the date immediately prior to the Bank's announcement of its intention to reorganize pursuant to the Plan of Reorganization, was at a price of \$13 1/2 per share.

DIVIDEND POLICY

The Bank has paid quarterly cash dividends every quarter since the completion of its mutual holding company reorganization and minority stock offering in August 1995. It is the intention of the Stock Holding Company to continue to pay cash dividends. Dividends paid by the Stock Holding Company will be determined by the Stock Holding Company's Board of Directors and will be based upon its consolidated financial condition, results of operations, tax considerations, economic conditions, regulatory restrictions which affect the payment of dividends by the Bank to the Stock Holding Company, and other factors. There can be no assurance that dividends will be paid on the Common Stock or that, if paid, such dividends will not be reduced or eliminated in the future. See "Proposed Formation of Stock Holding Company--Comparison of Stockholder Rights and Certain Anti-Takeover Provisions Payment of Dividends" for information regarding regulatory restrictions on the Bank's ability to pay dividends or make cash contributions to the Stock Holding Company.

The Stock Holding Company is not subject to OTS regulatory restrictions on the payment of dividends to its stockholders other than with respect to maintaining minimum levels of capital, although the source of such dividends will be dependent upon the factors set forth above. The Stock Holding Company is subject, however, to the requirements of Delaware law, which generally limit dividends to an amount equal to the excess of the net assets of the Stock Holding Company (the amount by which total assets exceed total liabilities) over its stated capital, or if there is no such excess, to its net profits for the current and/or immediately preceding year.

The Mutual Holding Company has waived the right to receive all dividends that have been paid by the Bank, although it determines whether to do so on a quarterly basis and may elect to accept dividends in the future. OTS regulations require the Mutual Holding Company to notify the OTS of any proposed waiver of the right to receive dividends. It is the OTS' recent practice to review dividend waiver notices on a case-by-case basis, and, in general, not object to any such waiver if: (i) the mutual holding company's board of directors determines that such waiver is consistent with such directors' fiduciary duties to the mutual holding company's members; (ii) for as long as the savings association subsidiary is controlled by the mutual holding company, the dollar amount of dividends waived by the mutual holding company are considered as a restriction on the retained earnings of the savings association, which restriction, if material, is disclosed in the public financial statements of the savings association as a note to the financial statements; (iii) the amount of any dividend waived by the mutual holding company is available for declaration as a dividend solely to the mutual holding company, and, in accordance with SFAS 5, where the savings association determines that the payment of such dividend to the mutual holding company is probable, an appropriate dollar amount is recorded as a liability; (iv) the amount of any waived dividend is considered as having been paid by the savings association in evaluating any proposed dividend under OTS capital

distribution regulations; and (v) in the event the mutual holding company converts to stock form, the appraisal submitted to the OTS in connection with the

conversion application takes into account the aggregate amount of the dividends waived by the mutual holding company.

As of December 31, 1996, the Mutual Holding Company had waived an aggregate of \$2.4 million of dividends. It is the OTS' policy that in the event of a Conversion Transaction by a mutual holding company formed after February 1, 1994, such as the Mutual Holding Company, the aggregate amount of dividends waived by the Mutual Holding Company would be credited to the Mutual Holding Company and would adjust the percentage of the converted holding company's common stock issued to Minority Stockholders in exchange for Bank Common Stock. The percentage of the converted holding company's common stock that would be issued to Minority Stockholders would be determined by multiplying the percentage of Bank Common Stock held by Minority Stockholders by a fraction the numerator of which is equal to the Bank's stockholders' equity less the aggregate amount of dividends waived by the Holding Company, and the denominator of which is equal to the Bank's stockholders' equity. The Reorganization is not expected to have an effect on the manner in which the Mutual Holding Company's dividend waiver affects a Conversion Transaction.

PROPOSAL I--ELECTION OF DIRECTORS

Directors of the Bank are generally elected to serve for a three-year period or until their respective successors shall have been elected and shall qualify. One director will be elected at the Meeting to serve for a three-year period and until his successor has been elected and qualified. The Nominating Committee, consisting of directors Pruitt, Reinhard and Trainer, has nominated John B. Sill, Jr. to serve as director. Mr. Sill is a current member of the Board of Directors.

The table below sets forth certain information regarding the Bank's Directors as of March 1, 1997 who will continue in office after the Meeting, including the terms of office of Board members and executive officers of the Bank, and shares of Bank Common Stock beneficially owned by such persons as of March 1, 1997. It is intended that the proxies solicited on behalf of the Board of Directors (other than proxies in which the vote is withheld as to the nominee) will be voted at the Meeting for the election of the nominee identified below. If the nominee is unable to serve, the shares represented by all such proxies will be voted for the election of such substitute as the Board of Directors may recommend. At this time, the Board of Directors knows of no reason why the nominee might be unable to serve, if elected. Except as indicated herein, there are no arrangements or understandings between the nominee and any other person pursuant to which such nominee was selected.

<TABLE>
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| Name | Age | Positions Held in the Bank | Director Since(1) | Current Term to Expire | Shares of Common Stock Beneficially Owned(2) | Percent of Class |
|--|-----|-------------------------------------|-------------------|------------------------|--|------------------|
| ----- | | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| NOMINEE | | | | | | |
| John B. Sill, Jr. | 74 | Chairman | 1977 | 1997 | 16,864 | * |
| DIRECTORS CONTINUING IN OFFICE | | | | | | |
| Wendell T. Breithaupt | 63 | Director, Chief Executive Office | 1979 | 1998 | 47,093 | * |
| Peter S. Longstreth | 51 | Director | 1992 | 1998 | 30,257 | * |
| George A. Pruitt | 49 | Director | 1991 | 1999 | 7,747 | * |
| George W. Reinhard | 63 | Director | 1983 | 1999 | 116,124 | 1.3 |
| Charles E. Stokes, III | 65 | Director | 1978 | 1998 | 13,364 | * |
| Raymond E. Trainer | 48 | Director | 1986 | 1999 | 41,364 | * |
| Miles W. Truesdell, Jr. | 53 | Director | 1992 | 1998 | 27,257 | * |
| DIRECTORS EMERITUS | | | | | | |
| F. Glenn Breen | | Director Emeritus | 1966 | N/A | N/A | N/A |
| Edward L. Hoffman | | Director Emeritus | 1976 | N/A | N/A | N/A |
| EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS | | | | | | |
| Leo J. Bellarmino | 47 | Executive Vice President | N/A | N/A | 448 | * |

| | | | | | | |
|----------------------|----|---|-----|-----|--------|---|
| Richard L. Gallaudet | 52 | Vice President and Senior Lending Officer | N/A | N/A | 11,131 | * |
| Dean H. Lippincott | 43 | Vice President | N/A | N/A | 14,402 | * |
| Robert Russo | 41 | Vice President and Treasurer | N/A | N/A | 6,760 | * |
| Robert C. Hollenbeck | 51 | Vice President and Corporate Secretary | N/A | N/A | 8,503 | * |

</TABLE>

PAGE

* Less than 1%.

- (1) Reflects initial appointment to the Board of Directors of the Bank's mutual predecessor.
- (2) See definition of "beneficial ownership" in the table in "Voting Securities and Principal Holders Thereof." Does not include shares purchased during January and February 1997 by the Bank's 401(k) Plan.

Currently, the Bank's Board of Directors consist of nine members. Harry Van Sciver, a current director, has announced his plans to resign from the Board in April. The principal occupation during the past five years of each director and executive officer of the Bank is set forth below. All directors have held their present positions for five years unless otherwise stated.

John B. Sill, Jr. is President of Ivins & Taylor, Inc., funeral directors located in Trenton, New Jersey.

Wendell T. Breithaupt is President and Chief Executive Officer of the Bank and serves also as a Director. He has served as President since 1981 and as Chief Executive Officer since 1982. He has been a Director since 1979. He is a Director, member of the Executive Committee, and Vice President of the Mercer County Chamber of Commerce, and is on the Board of Trustees and a member of the Finance Committee of the Mercer Medical Center. He is a member of the Mercer County Economic Development Commission and serves as a trustee of the Drumthwacket Foundation, Inc. Mr. Breithaupt serves as a director of RSI Retirement Systems, a New York Corporation.

Peter S. Longstreth is Managing Partner of Aegis Property Group, Ltd., a real estate development and project management company.

George A. Pruitt is President of Thomas A. Edison State College.

George W. Reinhard is President of Lester Fellows Co., Inc., an interstate trucking firm.

Charles E. Stokes, III is the retired President of The Home Rubber Company, which manufactures mechanical rubber goods, hoses, etc.

Raymond E. Trainer is Chairman of General Sullivan Group, which is an industrial distribution holding company. He also is a director and secretary of the TRAF Group which owns a medical collection agency.

Miles W. Truesdell, Jr. is Co-President of The Truesdell Company which operates as a specialty distributor that services the industrial market with process control instrumentation.

Executive Officers Who Are Not Directors. Set forth below is a brief description of the background of each person who serves as an executive officer of the Bank and who is not a director of the Bank. Unless otherwise noted, all executive officers who are not directors have held their present position for five years.

Leo J. Bellarmino is Executive Vice President, responsible for the Bank's Human Resources, Marketing, Branch Network, Project Planning, Information Services, Loan Operations, Staff Services and Corporate Finance. He joined the Bank in October of 1995. He was a former Senior Vice President with CoreStates New Jersey National Bank where he served in various management capacities, including division manager of their 140 New Jersey branch offices.

Richard L. Gallaudet is Vice President and Senior Lending Officer, responsible for the direct management of all the Bank's

lending activities. He joined the Bank in 1990, prior to which he held a number of management positions with other banks, including three years of service (1986-1989) as President and Chief Executive Officer of Cherry Hill National Bank and thirteen years of service (1973-1986) as a Senior Vice President with MidLantic National Bank/South (formerly Heritage Bank).

Dean H. Lippincott has been Vice President in charge of the Bank's Mortgage Department since 1988 and has served the Bank in a number of other capacities since joining it in 1970. His responsibilities include home mortgage loan originations. He participates as a member of The West Ward Community Partnership Corp.

Robert Russo is Vice President and Treasurer, responsible for all bank operations, financial reporting, and accounting systems. He joined the Bank in 1985 as an Assistant Vice President. He has held other positions in the thrift industry since 1978.

Robert C. Hollenbeck is Vice President and Corporate Secretary responsible for investor relations, bank investments, budgeting and corporate regulatory matters. He joined the Bank in November 1994. He has 28 years of banking experience including 11 years as Executive Vice President and Director of New Brunswick Savings Bank and five years as Executive Vice President of Constellation Bank.

Board Meetings and Committees of the Board of Directors

Regular meetings of the Board of Directors of the Bank are, and will be, held on at least a monthly basis and special meetings of the Board of Directors of the Bank are, and will be, held from time to time as needed. There were 15 meetings of the Board of Directors of the Bank held during the year ended on December 31, 1996. During the year ended December 31, 1996, no Director attended fewer than 85% of the total number of meetings of the Board of Directors of the Bank and the total number of meetings held by all committees of the Board of Directors on which he served.

The Board of Directors of the Bank has established various committees, including the Executive, Examining (Audit), Compensation, Benefits, Loan, Emergency Operations, Merger and Acquisition and Trust Committees.

The Executive Committee generally has the power and authority to act on behalf of the Board of Directors on matters between scheduled meetings unless specific Board of Directors action is required or unless otherwise restricted by the Bank's charter or bylaws or its Board of Directors. The Executive Committee currently is chaired by Mr. Sill with Messrs. Breithaupt, Pruitt, Reinhard, Longstreth, Trainer and Truesdell as members. The Executive Committee met once during 1996.

The Examining (Audit) Committee reviews (i) reports from the internal audit department, (ii) the independent auditors' reports and results of their examination, prior to review by and with the entire Board of Directors and (iii) the OTS and FDIC and other regulatory reports, prior to review by and with the entire Board of Directors. Currently, Mr. Stokes serves as chairman of this Committee and Messrs. Trainer, Pruitt and Truesdell serve as members. The Examining (Audit) Committee met three times during 1996.

The Compensation Committee is currently chaired by Mr. Sill, with Messrs. Longstreth, Pruitt and Trainer as members. Its members review and approve salaries, promotions and bonuses provided to the Bank's employees. The Compensation Committee met five times during 1996.

The Merger and Acquisition Committee is responsible for developing and implementing a corporate acquisition strategy including recommendations for specific targets. Currently, Messrs. Breithaupt, Longstreth, Sill, Reinhard and Trainer serve as members of the committee. The Merger and Acquisition Committee met twice in 1996.

The Benefits Committee reviews and approves the various benefit plans for Bank management and employees. Currently, Messrs. Breithaupt, Reinhard, Sill, Stokes and Truesdell serve as members. The Benefits Committee met once in 1996.

The Loan Committee (i) reviews and approves the loan requests

exceeding dollar limitations as defined in the Bank's lending policy and (ii) reviews a loan quality control and classification report on a monthly basis. Currently, Messrs. Breithaupt, Longstreth, Reinhard, Sill, Trainer and Truesdell serve as members of the Committee and Mr. Stokes serves as an alternate. The Loan Committee met 12 times during 1996.

The Emergency Operations Committee reviews and approves plans to continue Bank functions during a national or local emergency. The Committee is currently chaired by Mr. Breithaupt, Messrs. Sill, Reinhard, Gallaudet, Russo, Bellarmino and James W. Sorge, General Services Manager, are members of the Committee. The Emergency Operations Committee did not meet during 1996.

The Trust Committee reviews and approves all Trust Department operations including all transactions, opening and closing of all accounts, audits, and regulatory exams. Messrs. Breithaupt, Sill, Reinhard and Truesdell serve as members. The Trust Committee met three times in 1996.

Pursuant to the requirements of the Bank's bylaws, a Nominating Committee is appointed each year at least 30 days prior to the date of the Bank's annual meeting. For the 1996 Annual Meeting, the Bank's Nominating Committee, comprising directors Pruitt, Reinhard, and Trainer, met once.

During 1996, the Bank's Compensation Committee was chaired by Mr. Sill, and Messrs. Longstreth, Pruitt, and Trainer served as members. No such member has ever been an employee of the Bank or its subsidiaries, or has been involved in any transaction with the Bank required to be disclosed by SEC rules, regarding transactions with officials.

Board Compensation Committee Report on Executive Compensation

The Compensation Committee annually reviews the performance of the Chief Executive Officer and other executive officers and recommends changes to base compensation as well as the level of bonus, if any, to be awarded. In determining whether the base salary of the Chief Executive Officer and other executive officers should be increased, the Bank's Board of Directors takes into account individual performance, performance of the Bank, the size of the Bank and the complexity of its operations, and information regarding compensation to executives performing similar duties for financial institutions in the Bank's market area.

While the Compensation Committee does not use strict numerical formulas to determine changes in compensation for the Chief Executive Officer and while it weighs a variety of different factors in its deliberations, it has emphasized and will continue to emphasize earnings, profitability, capital position and income level, and return on average assets as factors in setting the compensation of the Chief Executive Officer. Other non-quantitative factors considered by the Bank's Compensation Committee in fiscal 1996 included general management oversight of the Bank, the quality of communication with the Board of Directors, and the productivity of employees. Finally, the Compensation Committee considered the standing of the Bank with customers and the community, as evidenced by the level of customer/community complaints and compliments. While each of the quantitative and non-quantitative factors described above was considered by the Compensation Committee, such factors were not assigned a specific weight in evaluating the performance of the Chief Executive Officer. Rather, all factors were considered, and based upon the effectiveness of such officers in addressing each of the factors, and the range of compensation paid to officers of peer institutions, the Board of Directors approved a recommendation of the Compensation Committee for an increase in the base salary of the Chief Executive Officer, such that the salary for the year ended December 31, 1996 is as set

forth in "--Cash Compensation." In addition, the Board of Directors approved increases in the aggregate salary paid to the Bank's executive officers.

Performance Graph

Set forth hereunder is a performance graph comparing the cumulative total return including dividends on (a) the Bank Common Stock for the period beginning with the sale of the Bank Common Stock for \$10.00 per share in the Bank's minority stock offering on August 3, 1995, through December 31, 1996, (b) stocks

including in the Nasdaq Bank Index for the period beginning with the close of trading on August 3, 1995, through December 31, 1996, and (c) stocks included in the Nasdaq Stock Market--U.S. Index over the period beginning with the close of trading on August 31, 1995, through December 31, 1996.

<TABLE>
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Comparison of 16 Month Cumulative Total Return*
Among Trenton Savings Bank, the Nasdaq Stock Market-US Index
and the Nasdaq Bank Index

| | Cumulative Total Return | | |
|------------------------|-------------------------|-------|-------|
| | 8/3/95 | 12/95 | 12/96 |
| <S> | <C> | <C> | <C> |
| Trenton Savings Bank | 100 | 131 | 165 |
| Nasdaq Stock Market-US | 100 | 108 | 133 |
| Nasdaq Bank | 100 | 118 | 156 |

* \$100 invested on 8/3/95 in stock or index including reinvestment of dividends.
Fiscal year ending December 31.

</TABLE>

Directors Compensation

Fees. Each member of the Board of Directors of the Bank, except Mr. Breithaupt, is paid a fee of \$650 per Board meeting attended and \$500 for attending meetings of the Executive, Examining (Audit) and Emergency Operations Committees. Directors attending Loan Committee meetings receive \$300 per meeting, directors attending Benefits and Compensation Committee meetings receive \$250 per meeting. The Chairman of the Board receives \$800 per meeting of the Board of Directors and Executive Committee, and the Chairman of the Examining (Audit) Committee receives \$700 per meeting of the Examining (Audit) Committee. In addition, non-officer directors other than the Chairman are paid an annual retainer of \$5,000, and the Chairman is paid an annual retainer of \$12,000.

1996 Option Plan. During 1996 the Bank and the Mutual Holding Company adopted the Trenton Savings Bank and Peoples Bancorp, MHC 1996 Stock Option Plan (the "1994 Option Plan"), which was approved by the Bank's stockholders. Under the 1996 Option Plan, directors Sill, Stokes, Reinhard, Trainer, Pruitt, Longstreth and Truesdell each received options to purchase 12,000 shares of Bank Common Stock. The options vest in five equal annual installments commencing in August 1997, and the exercise price per share for each option awarded during 1996 is equal to the fair market value of the Bank Common Stock on the date the option was granted, or \$13.50 per share. Awards become fully vested upon a director's disability, death, retirement or following termination of service in connection with a change in control of the Bank or the Mutual Holding Company. All options granted under the 1996 Option Plan expire upon the earlier of ten years following the date of grant or, generally, nine years following the date the optionee ceases to be a director.

1996 Recognition Plan. During 1996 the Bank adopted the Trenton Savings Bank and Peoples Bancorp, MHC 1996 Recognition and Retention Plan (the "1996 Recognition Plan"), which was approved by the Bank's stockholders. During 1996, 9,364 shares of Bank Common Stock were awarded under the plan to directors Sill, Stokes, Reinhard and Trainer, 7,491 shares were awarded to director Pruitt, and 7,257 shares were awarded to directors Longstreth and Truesdell. Such awards of Bank Common Stock ("Restricted Stock") are restricted by the terms of the 1996 Recognition Plan. Participants earn (become vested in) shares of Restricted Stock covered by an award and all restrictions lapse in five equal annual installments commencing in August 1997. Awards become fully vested upon a director's disability, death, retirement or following termination of service in connection with a change in control of the Bank or the Mutual Holding Company. Unvested shares of Restricted Stock are forfeited by a director who is not an employee upon failure to seek reelection, failure to be reelected, or resignation from the Board. Prior to vesting, recipients of awards under the 1996 Recognition Plan receive dividends and may vote the shares of Restricted Stock allocated to them.

Executive Compensation

Summary Compensation Table. The following table sets forth for the years ended December 31, 1996, 1995, and 1994, certain information as to the total remuneration paid by the Bank to the Chief Executive Officer and executive officers whose salary and bonuses exceeded \$100,000 in 1996 ("Named Executive Officers").

PAGE

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| Name and Principal Position(1) | Year Ended Dec. 31 | Annual Compensation | | | Long-Term Compensation Awards | | | |
|--|--------------------|---------------------|----------|------------------------------|-------------------------------|------------------------------|--------------|---------------------------|
| | | Salary(2) | Bonus(3) | Other Annual Compensation(4) | Restricted Stock Awards(5) | Shares Underlying Options(6) | LTIP Payouts | All Other Compensation(7) |
| <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| Wendell T. Breithaupt President and Chief Executive Officer | 1996 | \$187,425 | \$50,000 | -- | \$560,426 | 78,000 | -- | \$80,712 |
| | 1995 | 178,500 | 50,000 | -- | -- | -- | -- | 80,231 |
| | 1994 | 170,000 | 45,000 | -- | -- | -- | -- | 78,238 |
| Leo J. Bellarmino | 1996 | \$140,000 | \$10,000 | -- | -- | 34,000 | -- | \$ 1,713 |
| | 1995 | 25,846 | -- | -- | -- | -- | -- | -- |
| Richard L. Gallaudet Vice President | 1996 | \$ 94,500 | \$ -- | -- | \$ 65,948 | 10,000 | -- | \$ 5,694 |
| | 1995 | 91,500 | 10,660 | -- | -- | -- | -- | 5,533 |
| | 1994 | 87,000 | 7,395 | -- | -- | -- | -- | 5,467 |

- (1) No other executive officer received salary and bonuses that in the aggregate exceeded \$100,000.
- (2) Includes amounts deferred at the election of the named executive officer pursuant to the Bank's 401(k) Plan.
- (3) Includes amounts earned during the year and awarded pursuant to the Bank's Profit Sharing Plan. Payments pursuant to the Profit Sharing Plan are reflected in the year earned, rather than the year in which the payment is received.
- (4) The Bank provides certain members of senior management with the use of an automobile and other personal benefits which have not been included in the table. The aggregate amount of such other benefits did not exceed the lesser of \$50,000 or 10% of each Named Executive Officer's cash compensation.
- (5) Includes awards of 41,513 and 4,885 shares of restricted stock to Messrs. Breithaupt and Gallaudet, respectively, that vest in five equal annual installments commencing in August 1997. The value of the awards is based on the last sale price of the Bank Common Stock on the date of the award. Dividends are paid to the holder of the restricted stock. As of December 31, 1996, the fair market value of the shares of restricted stock held by Messrs. Breithaupt and Gallaudet was \$664,208 and \$78,160, respectively.
- (6) Options vest in five equal annual installments commencing on August 1997.
- (7) Includes the Bank's contribution to the 401(k) Plan and the Bank's Supplemental Executive Retirement Plan, and insurance premiums paid by the Bank on behalf of Named Executive Officers.

</TABLE>
PAGE

1996 Stock Option Plan. The Bank's 1996 Option Plan is available to directors and officers and other employees of the Bank and its affiliates. The plan is administered by a committee of outside directors. The plan authorizes the grant of incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986 (the "Code"), "non-statutory options," which do not qualify as incentive stock options, and certain "Limited Rights," exercisable only upon a change in control of the Bank or the Mutual Holding Company. The following tables set forth certain information regarding awards under the 1996 Option Plan and information regarding the shares acquired and the value realized during 1996 by Named Executive Officers upon exercise of options and the number of shares of Bank Common Stock underlying options and the value of options held by Named Executive Officers at December 31, 1996.

PAGE

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OPTION GRANTS IN LAST FISCAL YEAR

| Individual Grants | Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term |
|--------------------------|--|
| Percent of Total Options | |

| Name | Number of Securities Underlying Options | Granted to Employees in FY 1996 | Exercise of Base Price | Expiration Date | 5% | 10% |
|-----------------------|---|---------------------------------|------------------------|-----------------|-----------|-------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Wendell T. Breithaupt | 78,000 | 52.0% | \$13.50 | August 2006 | \$979,680 | \$2,183,990 |
| Leo J. Bellarmino | 34,000 | 22.7% | \$13.50 | August 2006 | \$427,000 | \$ 952,000 |
| Richard L. Gallaudet | 10,000 | 6.7% | \$13.50 | August 2006 | \$125,600 | \$ 280,000 |

<TABLE>
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| Name | Shares Acquired Upon Exercise | Value Realized | Number of Securities Underlying Unexercised Options at Fiscal Year-End | Value of Unexercised In-The-Money Options at Fiscal Year-End(1) |
|-----------------------|-------------------------------|----------------|--|---|
| | | | Exercisable/Unexercisable | Exercisable/Unexercisable |
| <S> | <C> | <C> | <C> | <C> |
| Wendell T. Breithaupt | -- | -- | 0/78,000 | \$ 0/195,000 |
| Leo J. Bellarmino | -- | -- | 0/34,000 | \$ 0/ 85,000 |
| Richard L. Gallaudet | -- | -- | 0/10,000 | \$ 0/ 25,000 |

</TABLE>
PAGE

- (1) Equals the difference between the aggregate exercise price of such options and the aggregate fair market value of the shares of Bank Common Stock that would be received upon exercise, assuming such exercise occurred on December 31, 1996, on which date the last sale of the Bank Common Stock was at a price of \$16.00.

Employment Memoranda

Mr. Breithaupt is a party to a memorandum relating to compensation authorized by the Board of Directors and executed by the then members of the Compensation Committee and Mr. Breithaupt dated August 27, 1994. The memorandum provides for employment by Mr. Breithaupt at the Bank through December 31, 1999, with compensation continued through date. Pursuant to that memorandum, provided performance is satisfactory, Mr. Breithaupt is guaranteed a base salary of at least \$170,000 per annum during this period plus an annual payment, intended to be invested by him to supplement his retirement income, of \$70,000 per annum payable prior to each January 30 following the completion of each year of service or, at his option, in monthly installments. In addition, the memorandum also contemplates eligibility for an annual bonus of up to \$50,000 depending on obtaining strategic and operational goals. Bonuses, if earned and awarded, are to be paid no later than ninety days following conclusion of each fiscal year during this period.

Retirement Plan

The Bank maintains a defined benefit pension plan ("Retirement Plan") for all employees who have attained the age of 21 and have completed one year of service with the Bank. In general, the Retirement Plan provides for

annual benefits payable monthly upon retirement at age 65 in an amount equal to 1.65% of the "Average Compensation" of the employee (which is equal to the average of the total compensation paid to him or her during the 60 consecutive calendar months within the final 120 consecutive calendar months of service affording the highest average), for each year of service, plus, if applicable, 0.65% of Average Compensation in excess of an employee's average social security taxable wage base for each year of the 35 year period ending with the employee's social security retirement age, multiplied by his or her years of service, not in excess of 25 years.

Under the Retirement Plan, an employee's benefits are unvested prior to the completion of five years of service and are fully vested after five years of service. A year of service is any year in which an employee works a minimum of 1,000 hours. The Retirement Plan provides for an early retirement option with reduced benefits for participants who are age 55 and who have 15 years of service. The Bank's contribution for the Retirement Plan for 1996 was \$188,285, 1995 was \$168,308, and for 1994 was \$148,233.

The following table illustrates annual pension benefits for retirement at age 65 under various levels of compensation and years of service. The figures in the table assume that the Retirement Plan continues in its present form, that the participants retire at age 65 and that the participants elect a straight life annuity form of benefit.

<TABLE>
<CAPTION>

| Five Year Average Compensation | 10 Years of Service | 15 Years of Service | 20 Years of Service | 25 Years of Service |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|
| <S> | <C> | <C> | <C> | <C> |
| \$40,000 | \$ 7,295 | \$10,942 | \$14,590 | \$18,238 |
| 50,000 | 9,595 | 14,392 | 19,190 | 23,988 |
| 60,000 | 11,895 | 17,842 | 23,790 | 29,738 |
| 70,000 | 14,195 | 21,292 | 28,390 | 35,488 |
| 80,000 | 16,495 | 24,742 | 32,990 | 41,238 |
| 90,000 | 18,795 | 28,192 | 37,590 | 46,988 |
| 100,000 | 21,095 | 31,642 | 42,190 | 52,738 |
| 110,000 | 23,395 | 35,092 | 46,790 | 58,488 |
| 120,000 | 25,695 | 38,542 | 51,390 | 64,238 |
| 130,000 | 27,995 | 41,992 | 55,990 | 69,988 |
| 140,000 | 30,295 | 45,442 | 60,590 | 75,738 |
| 150,000 | 32,595 | 48,892 | 65,190 | 81,488 |

</TABLE>

The maximum annual compensation which may be taken into account under the Code (as adjusted from time to time by the IRS) for calculating contributions under qualified defined benefit plans is currently \$150,000, and the maximum annual benefit permitted under such plan is currently \$120,000.

At December 31, 1996, Mr. Breithaupt had 17 and Mr. Gallaudet had six years of service, respectively, under the Retirement Plan, and the five-year average compensation for Mr. Breithaupt was \$150,000 and for Mr. Gallaudet it was \$94,725.

Indebtedness of Management

All loans made by the Bank to the Bank's directors, executive officers, and members of such persons' families were made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectibility or present other unfavorable factors. All such loans comply with federal regulations relating to loans to such persons.

PROPOSAL II--APPROVAL OF THE AGREEMENT AND PLAN OF REORGANIZATION

The formation of the Stock Holding Company will be accomplished under the Plan of Reorganization, pursuant to which the Bank will become a wholly owned subsidiary of the Stock Holding Company. Under the terms of the Plan of Reorganization, each outstanding share of Bank Common Stock will be converted into one share of Common Stock and the holders of Bank Common Stock will become the holders of all of the outstanding Common Stock of the Stock Holding Company. The Stock Holding Company was incorporated in November 1996, solely for the purpose of becoming a savings and loan holding company and has no prior operating history. Following the Reorganization, it is intended that the Bank will continue its operations at the same locations, with the same management, and subject to all the rights, obligations and liabilities of the Bank existing immediately prior to the Reorganization.

Reasons for and Risks of the Reorganization

Reasons for the Reorganization. The Board of Directors of the Bank believes that the formation of the Stock Holding Company as a subsidiary of the Mutual Holding Company will be in the best interests of stockholders and will offer greater operating flexibility than is currently available to the Bank in its existing mutual holding company structure, although the final OTS rules regarding mid-tier stock holding companies and the conditions that may be imposed by the OTS as part of its approval

of the Reorganization will limit the degree to which the operating flexibility is increased. See "Risks of the Reorganization." The Mutual Holding Company does not operate as a traditional holding company at the present time because it is a mutual organization and represents only the mutual ownership interest in the Bank. Establishing the Stock Holding Company as a subsidiary of the Mutual Holding Company will permit the Stock Holding Company to conduct activities and make investments for the benefit of all stockholders. Management believes that it will also provide enhanced ability to invest through the Stock Holding Company, facilitate mergers and acquisitions, and facilitate stock repurchases, all as described below.

Enhanced Ability to Invest Through the Stock Holding Company. Under the existing mutual holding company structure the Mutual Holding Company cannot make investments in other financial institutions or business enterprises for the benefit of all stockholders of the Bank, and the Bank itself is limited by law or regulation in its permissible investment activities. For example, if the Mutual Holding Company invests in 5% of the common stock of another bank or thrift holding company, any gain on such investment would accrue only to the Mutual Holding Company. The Reorganization will permit the entity that issues stock (i.e., the Stock Holding Company) to make investments, diversify business activities, or acquire other financial institutions, for the benefit of all stockholders. No specific investments, new business activities or acquisitions by the Stock Holding Company that would be facilitated by the Reorganization are planned at the present time.

Facilitate Mergers and Acquisitions. The Reorganization will also facilitate the approval and completion of mergers and acquisitions since the Stock Holding Company, acting as the sole stockholder of the Bank, will be able to approve mergers and acquisitions involving the Bank. This is consistent with the manner in which other stock holding companies are able to approve mergers of their bank or savings institution subsidiaries. Moreover, the Reorganization will enable the Stock Holding Company to acquire other financial institutions and to operate them as separate subsidiaries for the benefit of all stockholders of the Stock Holding Company.

Stock Repurchases. The Reorganization will enable the Stock Holding Company to repurchase Holding Company Common Stock which, particularly in recent years, has been an important, if not essential, means for banks and savings institutions to enhance stockholder value and invest capital resources. Historically, the Bank has used the percentage of taxable income method for establishing its bad debt reserves for tax purposes. Federal tax laws generally require that thrift institutions recapture into income and pay the tax on their excess bad debt reserves in the event of certain distributions and redemptions, such as stock repurchases. Accordingly, if the Bank were to repurchase any of its outstanding shares of common stock, it would cause recapture of all or part of its pre-1988 excess tax bad debt reserves. Because distributions or redemptions by entities, such as the Stock Holding Company, that have not used the percentage of taxable income method for computing bad debt reserves are not subject to recapture, the Stock Holding Company will be permitted to repurchase Holding Company Common Stock without causing any recapture of the Bank's tax bad debt reserves.

Stock Holding Company Powers. The Bank may engage only in those activities that are permissible for federal savings associations under the Home Owners' Loan Act ("HOLA") and applicable regulations thereunder. Pursuant to current OTS policy, the Stock Holding Company will be subject to the same restrictions, including but not limited to activity limitations applicable to the Mutual Holding Company under Section 10(o)5 of the HOLA and the regulations promulgated thereunder. The Stock Holding Company will be permitted to engage in activities that are not permissible for the Bank, such as making investments in up to 5% of the common stock of another financial institution. The Stock Holding Company generally would be permitted to engage in the activities that are permissible for bank holding companies under the Bank Holding Company Act (i.e., activities that are closely related to banking). See "Risks of the Reorganization," and "Stock Holding Company Regulation."

Risks of the Reorganization. Management believes that there are substantial benefits that will be achieved through the Reorganization, as discussed above. However, stockholders should note that although the OTS has approved two-tier mutual holding company reorganizations, (i) on November 13, 1996, the OTS issued

an advance notice of proposed rulemaking (the "Notice") in which it requested comment concerning certain questions relating to the two-tier structure, (ii) the outcome of such rule-making and the ultimate OTS policy regarding two-tier mutual holding companies is uncertain, and (iii) in approving previous two-tier mutual holding company reorganizations the OTS has imposed a significant number of conditions that may limit the benefits that can be achieved in the two-tier structure.

The questions raised by the OTS in the Notice include, among others, the following: whether the stock holding company should be regulated as a multiple or unitary savings and loan holding company; whether the restrictions imposed by OTS regulations on mutual holding companies (e.g., restrictions on pledges of subsidiary savings association stock, waivers of dividends, and limitations on indemnification and employment contracts) should also be imposed on mid-tier stock holding companies; whether the mid-tier stock holding company should be required to obtain the approval of the OTS prior to issuing securities to persons other than the mutual holding company, whether and under what conditions the subsidiary savings association may issue minority voting stock or other classes of securities and how such stock would be treated in any mutual-to-stock conversion of the mutual holding company; whether and to what extent the charter and bylaws (and amendments thereto) of the mid-tier stock holding company should be regulated by the OTS and whether the OTS should require that the mid-tier stock holding company's charter be consistent with the federal mutual holding company charter; and whether the OTS regulations regarding stock issuances of savings association subsidiaries of mutual holding companies should apply to mid-tier stock holding companies.

Although rules have not yet been issued relating to the two-tier structure, it is the current OTS policy to review and on a case-by-case basis approve applications to reorganize into the two-tier structure subject to compliance with a significant number of conditions that may include, among others, the following: The mid-tier stock holding company shall be subject to the provisions of OTS regulations pertaining to minority stock issuances as if it were a former mutual savings association that reorganized into a mutual holding company structure; the mid-tier stock holding company shall be subject to the same restrictions (including, but not limited to, the activities limitations) to which the parent mutual holding company is subject under federal law and OTS regulations; the mid-tier stock holding company must hold all of the issued and outstanding common stock of the subsidiary savings association, and the subsidiary savings association may not issue any other class of equity security; the mid-tier stock holding company and the subsidiary savings association must obtain approval from the OTS prior to issuing any securities; the mid-tier stock holding company must receive the OTS's non-objection to any proposed amendments to its charter and bylaws; the mid-tier stock holding company shall cease any activity, reverse any action, or amend any provision of its charter or bylaws, to which the OTS objects as being contrary to the OTS regulations in effect at the time of OTS approval of the Reorganization, or as subsequently amended; and if the mutual holding company undertakes a mutual-to-stock conversion, OTS policies regarding purchases of stock in the conversion will apply to shareholders of the stock holding company.

Plan of Reorganization

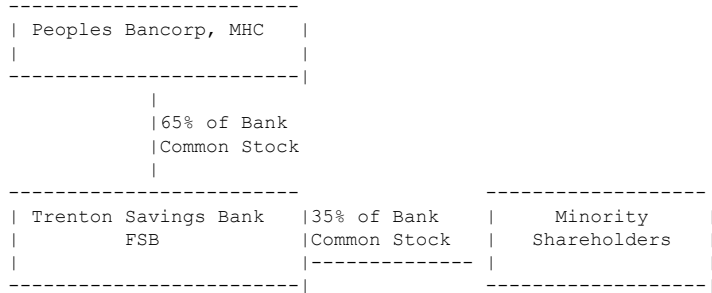
The Reorganization will be accomplished under the Plan of Reorganization, which is attached as Exhibit A hereto. The following discussion is qualified in its entirety by reference to the Plan of Reorganization. The Plan of Reorganization was unanimously approved by the Board of Directors on October 9, 1996.

The Stock Holding Company is a newly organized Delaware corporation which was formed by the Bank solely for the purpose of effecting the Reorganization. Therefore, the Stock Holding Company has no prior operating history. The Plan of Reorganization is by and among the Stock Holding Company, the Bank, and Interim, a to-be-formed interim federal stock savings bank.

The Reorganization and the establishment of the Stock Holding Company will be accomplished as follows: (i) the Bank will organize the Stock Holding Company as a wholly owned subsidiary; (ii) the Stock Holding Company will organize an interim federal stock savings bank ("Interim") as a wholly owned

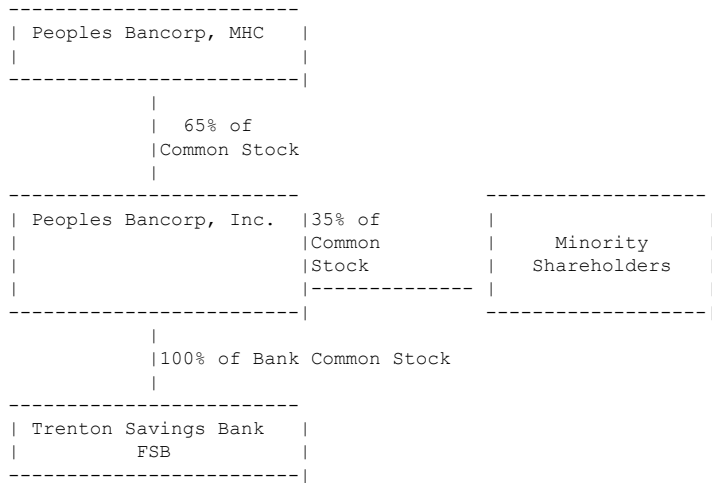
subsidiary; (iii) Interim will merge into the Bank, with the Bank as the surviving corporation; (iv) in connection with the merger in step (iii) above, all of the issued and outstanding shares of Holding Company Common Stock held by the Bank will be canceled, all of the issued and outstanding shares of Bank Common Stock will be converted by operation of law into an equal number of shares of Holding Company Common Stock, and the issued and outstanding shares of Interim, all of which are held by the Stock Holding Company, will automatically be converted by operation of law into common stock of the Bank. As a result of steps (i) through (iii) above, the Bank will become the wholly owned subsidiary of the Stock Holding Company, the Stock Holding Company will become the majority owned subsidiary of the Mutual Holding Company, and Minority Stockholders will become minority stockholders of the Stock Holding Company.

The following diagram sets forth the Bank's current mutual holding company structure:



PAGE

The following diagram sets forth the Bank's proposed mutual holding company structure following completion of the Reorganization:



The Board of Directors of the Bank presently intends to capitalize the Stock Holding Company with up to \$100,000, subject to the approval of the OTS. Future capitalization of the Stock Holding Company will depend upon dividends declared by the Bank based on future earnings, or the raising of additional capital by the Stock Holding Company through a future issuance of securities, debt or by other means. The Board of Directors of the Stock Holding Company has no present plans or intentions with respect to any future issuance of securities or debt at this time. Furthermore, as long as it is in existence, the Mutual Holding Company must own at least a majority of the Stock Holding Company's outstanding voting stock.

After the Reorganization, the Bank will continue its existing business and operations as a wholly owned subsidiary of the Stock Holding Company and the consolidated capitalization, assets, liabilities, and form of financial statements of the Stock Holding Company immediately following the Reorganization will be substantially the same as those of the Bank immediately prior to consummation of the Reorganization. The Federal Stock Charter and the Bylaws of the Bank will continue in effect, and will not be affected in any manner by the Reorganization. The name "Trenton Savings Bank" will continue to be utilized. The

corporate existence of the Bank will continue unaffected and unimpaired by the Reorganization.

Effective Date

The "Effective Date" of the Reorganization will be the date upon which the Articles of Combination are filed with the OTS. Although management of the Bank does not anticipate any significant delays in obtaining the OTS' endorsement of the Articles, the effects of any such delays on holders of the Bank Common Stock cannot be determined at this time.

Optional Exchange of Stock Certificates

After the Effective Date stock certificates evidencing shares of Bank Common Stock will represent, by operation of law, the same number of shares of Common Stock. Former holders of Bank Common Stock will not be required to exchange their Bank Common Stock certificates for Common Stock certificates, but will have the option to do so. DO NOT SEND YOUR STOCK CERTIFICATES TO THE BANK AT THIS TIME. Any stockholder desiring more information about such exchange may request additional information from the Bank by writing the Secretary of the Bank at the address given above.

Rights of Dissenting Stockholders

Federal regulations applicable to the Bank generally provide that a stockholder of a federally chartered savings association that engages in a merger transaction shall have the right to demand from the savings association the payment of the fair or appraised value of his or her stock in the savings association, subject to the satisfaction of specified procedural requirements. These regulations also provide that stockholders of a federally chartered savings association with stock that is quoted on the Nasdaq Stock Market are not entitled to exercise dissenters' rights of appraisal if the stockholder is required to accept cash, shares of stock of any association or corporation which at the effective date of the merger will be quoted on the Nasdaq Stock Market, or any combination of such shares of stock and cash. Since the Common Stock will be quoted on the Nasdaq Stock Market at the effective date of the Reorganization, the Bank's stockholders will not have dissenters' rights of appraisal in connection with the Reorganization.

Tax Consequences

The Bank has received an opinion of its special counsel, Luse Lehman Gorman Pomeroy & Schick, A Professional Corporation, Washington, D.C., as to certain federal income tax consequences of the Reorganization. This opinion of counsel, which is not binding upon the Internal Revenue Service, provides substantially as follows: (i) the merger of Interim with and into the Bank will constitute a reorganization under Section 368 of the Internal Revenue Code of 1986, as amended ("Code"), and the Stock Holding Company, the Bank and Interim will each be a "party to a reorganization" within the meaning of Section 368(b) of the Code, provided that the merger of Interim with and into the Bank qualifies as a statutory merger under applicable law, after the transaction the Bank will hold substantially all of the assets of Interim and Bank stockholders exchange solely for Stock Holding Company voting stock an amount of stock constituting "control" of the Bank; (ii) no gain or loss will be recognized by Bank stockholders on the exchange of Bank Common Stock for the Common Stock; (iii) no gain or loss will be recognized by the Stock Holding Company on the receipt by it of Bank Common Stock solely in exchange for Common Stock; (iv) the basis of the Common Stock received by the Bank's stockholders will be the same as the basis of the Bank Common Stock surrendered in exchange therefor; (v) the holding period of the Common Stock to be received by Bank stockholders will include the holding period of the Bank Common Stock surrendered in exchange therefor, provided the Bank Common Stock was held as a capital asset on the date of the exchange; and (vi) no gain or loss will be recognized by Bank stockholders as a result of conversion of their option to purchase Bank Common Stock into options to purchase Holding Company Common Stock.

Each Bank stockholder should consult his own tax counsel as to specific federal, state and local tax consequences of the Reorganization, if any, to such stockholder.

Consequences Under Federal Securities Laws

The Bank Common Stock is registered under Section 12 of the Exchange Act, as administered by the OTS. Upon consummation of the Reorganization, the Stock Holding Company will register the Common Stock under the Section 12 of the Exchange Act as administered by the SEC. The Exchange Act will apply to the Stock Holding Company to the same degree that it currently applies to the Bank, except that the powers, functions and duties to administer and enforce the Exchange Act requirements regarding periodic and other reports, proxies, tender offers, and short swing profits, and certain other requirements of the Exchange Act that are vested in the OTS as regards securities of insured savings associations such as the Bank, are vested in the SEC as regards securities of corporations such as the Stock Holding Company.

The issuance of the Common Stock in connection with the Reorganization will be registered under the Securities Act.

Conditions to the Reorganization

The Plan of Reorganization sets forth a number of conditions to the completion of the Reorganization, including: (i) approval of the Plan of Reorganization by the holders of a majority of the outstanding shares of Bank Common Stock; (ii) receipt of an opinion of counsel that the Reorganization will be treated as a non-taxable transaction for federal income tax purposes; (iii) approval of the Reorganization by the OTS; and (iv) registration of the Common Stock to be issued in the Reorganization under the Exchange Act and the compliance by the Stock Holding Company with all applicable state securities laws relating to the issuance of the Stock Holding Company's Common Stock.

The Mutual Holding Company, which owns a majority of the outstanding shares of Bank Common Stock, intends to vote its shares in favor of the Plan of Reorganization. Furthermore, the Bank has received an opinion of special counsel that the Reorganization will be treated as a non-taxable transaction for federal income tax purposes.

Amendment, Termination or Waiver

The Board of Directors of the Bank may cause the Plan of Reorganization to be amended or terminated if the Board determines for any reason that such amendment or termination would be advisable. Such amendment or termination may occur at any time prior to the filing of Articles of Combination with the OTS, provided that no such amendment may be made to the Plan of Reorganization after stockholder approval if such amendment is deemed to be materially adverse to the stockholders of the Bank. Additionally, any of the terms or conditions of the Plan of Reorganization may be waived by the party which is entitled to the benefit thereof.

Business of the Bank

The Bank is a federally chartered savings bank headquartered in Lawrenceville, New Jersey. The Bank's deposits are insured by the Federal Deposit Insurance Corporation ("FDIC"). The Bank is a member of the Federal Home Loan Bank System. At December 31, 1996, the Bank had total assets of \$601.0 million, total deposits of \$491.2 million, and stockholders' equity of \$103.4 million.

The Bank is primarily engaged in the business of attracting deposits from the general public in the Bank's market area, and investing such deposits, together with other sources of funds, in loans secured by one- to four-family residential real estate, and, to a lesser extent, multi-family and commercial mortgage loans, commercial mortgage loans, home equity and property improvement loans, commercial business loans, and consumer loans. The Bank does not engage in securities trading and limits its investments to U.S. Treasury and federal government agency obligations, mortgage-backed securities that are issued by federal government agencies or sponsored corporations, and corporate obligations which are rated A or higher by a national rating agency. The Bank's principal sources of funds are deposits and principal and interest payments on loans. Primary sources of income are interest received from loans and investment securities. The Bank's primary expense is interest paid on deposits and employee compensation and benefits.

The Bank's principal executive office is located at 134 Franklin Corner Road, Lawrenceville, New Jersey, and its telephone number at that address is (609) 844-3100.

Business of the Stock Holding Company

General. The Stock Holding Company was formed only recently and currently has no business activities. Upon the completion of the Reorganization, the Bank will become a wholly-owned subsidiary of the Stock Holding Company and each stockholder of the Bank will become a stockholder of the Stock Holding Company with the same ownership interest therein as such stockholder's ownership interest in the Bank immediately prior to the Reorganization.

Immediately upon consummation of the Reorganization, it is expected that the Stock Holding Company will not engage in any business activity other than to hold all of the voting stock of the Bank. The Stock Holding Company does not presently have any arrangements or understandings regarding any acquisition or merger opportunities. It is

anticipated, however, that in the future that the Stock Holding Company may pursue other investment opportunities, including possible diversification through acquisitions and mergers.

Property. The Stock Holding Company is not expected initially to own or lease real or personal property. Instead, it intends to utilize the premises, equipment and furniture of the Bank without the direct payment of any rental fees to the Bank.

Legal Proceedings. Since its organization, the Stock Holding Company has not been a party to any legal proceedings.

Employees. At the present time, the Stock Holding Company does not intend to employ any persons other than its management. It will utilize the support staff of the Bank from time to time. If the Stock Holding Company acquires other savings institutions or pursues other lines of business, it may hire additional employees at such time.

Competition. It is expected that immediately following the Reorganization, the primary business of the Stock Holding Company will be the ownership of the Bank Common Stock. Therefore, until such time as the Stock Holding Company pursues other investment opportunities, the competitive conditions to be faced by the Stock Holding Company will be the same as those faced by the Bank.

Management of the Stock Holding Company

Directors. The directors of the Stock Holding Company are, and upon completion of the Reorganization will continue to be, the same persons who are at present the directors of the Bank. The three-year terms of the directors are staggered to provide for the election of approximately one-third of the board members each year.

Executive Officers. The executive officers of the Stock Holding Company are, and upon completion of the Reorganization will be the same persons who are at present the executive officers of the Bank.

Remuneration. Since the formation of the Stock Holding Company, none of its executive officers or directors has received any remuneration from the Stock Holding Company. It is expected that unless and until the Stock Holding Company becomes actively involved in additional businesses, no compensation will be paid to its directors and officers in addition to compensation paid to them by the Bank. However, the Stock Holding Company may determine that separate and additional compensation is appropriate in the future.

Indemnification of Officers and Directors and Limitation of Liability. OTS regulations require the Bank to indemnify its directors, officers and employees against legal and other expenses incurred in defending lawsuits brought or threatened against them by reason of the performance as a director, officer, or employee. Indemnification may be made to such person only if final judgment on the merits is in his favor or in case of (i) settlement, (ii) final judgment against him, or (iii) final judgment in his favor, other than on the merits, if a majority of the disinterested directors of the Bank determine that he was acting in good faith within the scope of his employment or authority as he could reasonably have perceived it under the circumstances and for a purpose he could have reasonably believed

under the circumstances was in the best interests of the Bank or its stockholders. If a majority of the disinterested directors of the Bank concludes that in connection with an action any person ultimately may become entitled to indemnification, the directors may authorize payment of reasonable costs and expenses arising from defense or settlement of such action. The Bank is required to give the OTS at least 60 days notice of its intention to make indemnification and no indemnification shall be made if the OTS objects to the Bank in writing.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Stock Holding Company pursuant to the following provisions, the Stock Holding Company has been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In addition, Federal banking regulations restrict the Bank or the Stock Holding Company from indemnifying officers and directors for civil monetary penalties or judgments resulting from administrative or civil actions instituted by any Federal banking agency, or any other liability or legal expense with regard to any administrative proceeding or civil action instituted by any Federal banking agency, which results in a final order or settlement pursuant to which such person is assessed a civil monetary penalty, removed from office

or prohibited from participating in the conduct of the affairs of an insured depository institution, or required to cease and desist from or take certain actions.

The OTS has indicated that as a matter of policy the Stock Holding Company will be subject to the same resolutions described above, to which the Bank is subject. In addition, the Certificate of Incorporation of the Stock Holding Company provides that any individual who is or was a director, officer, employee or agent of the Stock Holding Company in any proceeding in which the person has been made a party or is otherwise involved as a result of his service in such capacity shall be indemnified and held harmless to the fullest extent authorized under the Delaware General Corporation Law. Under the Certificate of Incorporation, an indemnified person may be reimbursed for all expenses, liabilities and losses (including attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered. An indemnified person may be advanced expenses incurred in defending any proceeding prior to final disposition to the extent permitted under Delaware law. In accordance with Delaware law, an individual may not be indemnified (i) in connection with a proceeding by or in the right of the Stock Holding Company in which the individual was adjudged liable to the Stock Holding Company or (ii) in connection with any other proceeding charging improper personal benefit to him in which he was adjudged liable on the basis that personal benefit was improperly received by him, unless a court of competent jurisdiction determines he is fairly and reasonably entitled to indemnification in view of all the relevant circumstances. Management does not have any plans to provide for indemnification rights beyond those provided in the Stock Holding Company's Certificate of Incorporation.

The Stock Holding Company's Certificate of Incorporation also provides that a director shall not be personally liable to the Stock Holding Company or its stockholders for monetary damages for breach of his fiduciary duty as a director, except (i) for breach of the director's duty of loyalty to the Stock Holding Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for certain unlawful distributions, or (iv) for any transaction from which the director derived an improper personal benefit.

This provision eliminates the potential liability of the Stock Holding Company's directors for failure, through negligence or gross negligence, to satisfy their duty of care, which requires directors to exercise informed business judgment in discharging their duties. It may thus reduce the likelihood of derivative litigation against directors and discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their duty of care, even though such an action, if successful, might otherwise have been beneficial to the Stock Holding Company and its stockholders. Stockholders will thus be surrendering a cause of action based upon negligent business decisions, including those relating to attempts to

change control of the Stock Holding Company. The provision will not, however, affect the right to pursue equitable remedies for breach of the duty of care, although such remedies might not be available as a practical matter.

To the best of management's knowledge, there is currently no pending or threatened litigation for which indemnification may be sought or any recent litigation involving directors of the Bank that might have been affected by the limited liability provision in the Stock Holding Company's Certificate of Incorporation had it been in effect at the time of the litigation.

Federal regulations contain no provisions for the limitation of director liability.

The above-described provisions seek to ensure that the ability of the Stock Holding Company's directors to exercise their best business judgment in managing the Stock Holding Company's affairs, subject to their continuing fiduciary duties of loyalty to the Stock Holding Company and its stockholders, is not unreasonably impeded by exposure to the potentially high personal costs or other uncertainties of litigation. The nature of the tasks and responsibilities undertaken by directors and officers often requires such persons to make difficult judgments of great importance which can expose such persons to personal liability, but from which they will acquire no personal benefit (other than as stockholders). In recent years, litigation against corporations and their directors and officers, often amounting to mere "second guessing" of good-faith judgments and involving no allegations of personal wrongdoing, has become common. Such litigation often claims damages in large amounts which bear no relationship to the amount of compensation received by the directors or officers, particularly in the case of directors who are not officers of the corporation, and the expense of defending such litigation, regardless of whether it is well founded, can be enormous.

Individual directors and officers can seldom bear either the legal defense costs involved or the risk of a large judgment.

In order to attract and retain competent and conscientious directors and officers in the face of these potentially serious risks, corporations have historically provided for corporate indemnification in their bylaws and have obtained liability insurance protecting the company and its directors and officers against the cost of litigation and related expenses. The Bank currently has insurance coverage for its directors and officers, and the Bank's management anticipates that the Stock Holding Company will be able to obtain such coverage for its directors and officers. The Stock Holding Company's Board of Directors, the individual members of which will benefit from the inclusion of the indemnification and limitation of liability provisions, has a personal interest in including these provisions in the Stock Holding Company's Certificate of Incorporation at the potential expense of stockholders.

Comparison of Stockholder Rights and Certain Anti-Takeover Provisions

Introduction. As a result of the Reorganization, holders of Bank Common Stock, whose rights are presently governed by federal law and the OTS' Rules and Regulations as well as the Bank's federal stock charter and Bylaws, will become stockholders of the Stock Holding Company, a Delaware corporation. Accordingly, their rights will be governed solely by the Delaware General Corporation Law and the Certificate of Incorporation and Bylaws of the Stock Holding Company, as well as any conditions set forth in the OTS order approving the Reorganization. (See "--OTS Policy Regarding Two-Tier Mutual Holding Companies."). Certain differences arise from this change of governing law, as well as from distinctions between the federal stock charter and Bylaws of the Bank and the Certificate of Incorporation and Bylaws of the Stock Holding Company. The following discussion is not intended to be a complete statement of the differences affecting the rights of stockholders, but summarizes certain significant differences. The Certificate of Incorporation and Bylaws of the Stock Holding Company are attached hereto as Exhibits B and C, respectively, and should be reviewed for more detailed information.

A number of provisions of the Stock Holding Company's Certificate of Incorporation and Bylaws and the Bank's Charter and Bylaws deal with matters of corporate governance and certain

rights of stockholders. Provisions relating to the calling of a special meeting of stockholders, nomination of directors and new business provisions, removal of directors, cumulative voting for the election of directors, staggered directors' terms and amendments to the organizational documents of the Stock Holding Company and the Bank, and certain statutory provisions relating to stock ownership and transfers, and business combinations, may make it difficult to gain control of the Stock Holding Company or the Bank or replace all of incumbent management even if the Mutual Holding Company is no longer in existence. The following discussion is a general summary and comparison of certain provisions of the Stock Holding Company's Certificate of Incorporation and Bylaws and the Bank's Charter and Bylaws and certain other statutory and regulatory provisions that might be deemed to have potential anti-takeover effects. These provisions may have the effect of discouraging a future takeover attempt or change of control which is not approved by the Board of Directors but which a majority of individual stockholders may deem to be in their best interests or in which stockholders may receive a substantial premium for their shares over then current market prices. As a result, stockholders who desire to participate in such a transaction may not have an opportunity to do so. The following discussion is necessarily general and reference should be made in each case to the Stock Holding Company's Certificate of Incorporation and Bylaws, which are incorporated herein by reference.

Issuance of Capital Stock. The Bank's federal stock charter authorizes the issuance of 30,000,000 shares of capital stock: 20,000,000 of which are Bank Common Stock, par value \$.10 per share; and 10,000,000 shares of serial preferred stock. The Certificate of Incorporation of the Stock Holding Company authorizes the issuance of 20,000,000 shares of Common Stock, par value \$.10 per share and 1,000,000 shares of serial preferred stock. Following the Reorganization, there will be the same number of outstanding shares of Common Stock outstanding as there were outstanding shares of Bank Common Stock outstanding immediately prior to the Reorganization.

The Stock Holding Company has no present intention to issue additional shares of stock, other than upon the exercise of stock options. If additional shares are issued, the percentage ownership interests of existing stockholders would be reduced and, depending on the terms pursuant to which new shares are issued, the book value and earnings per share of outstanding stock might be diluted. Moreover, such additional share issuance could be construed as having an anti-takeover effect. The ability to issue additional shares, which exists under both the federal stock charter of the Bank and the Certificate of Incorporation of the Stock Holding Company, gives management greater flexibility

in financing corporate operations. The ability of the Stock Holding Company to issue additional shares will be limited so long as the Mutual Holding Company exists because the Mutual Holding Company must at all times own at least 50.1% of the outstanding voting stock of the Stock Holding Company.

Payment of Dividends. An OTS regulation governs capital distributions by savings institutions, which include cash dividends, stock redemptions or repurchases, cash-out mergers, interest payments on certain convertible debt and other transactions charged to the capital account of a savings institution to make capital distributions. Generally, the regulation creates a safe harbor for specified levels of capital distributions from institutions meeting at least their minimum capital requirements, so long as such institutions notify the OTS and receive no objection to the distribution from the OTS. Institutions and distributions that do not qualify for the safe harbor are required to obtain prior OTS approval before making any capital distributions.

Generally, a savings institution that before and after the proposed distribution meets or exceeds its regulatory capital requirements (a "Tier 1 institution") may make capital distributions during any calendar year up to the higher of (a) 100% of net income for the calendar year-to-date plus 50% of its "surplus capital ratio" at the beginning of the calendar year or (b) 75% of net income over the most recent four-quarter period. The "surplus capital ratio" is defined to mean the percentage by which the institution's ratio of total capital to assets exceeds the ratio of its capital requirements to assets. An institution satisfies its regulatory capital requirements if it maintains

tangible capital of not less than 1.5%, core capital of not less than 3.0% of total adjusted assets and risk-based capital no less than 8.0%. Failure to meet regulatory capital requirements will result in further restrictions on capital distributions, including possible prohibition of capital distributions without specific OTS approval. The Bank is a Tier 1 institution under the OTS capital distribution regulation.

In order to make distributions under these safe harbors, a Tier 1 institution must submit 30 days written notice to the OTS prior to making the distribution. The OTS may object to the distribution during that 30-day period based on safety and soundness concerns. In addition, a Tier 1 institution deemed to be in need of more than normal supervision by the OTS may have additional limitations imposed by the OTS on its ability to make a capital distribution.

The ability of the Bank to pay dividends on Bank Common Stock is restricted by tax considerations related to thrift institutions and by federal regulations applicable to savings associations. Income appropriated to bad debt reserves and deducted for federal income tax purposes may not be used to pay cash dividends without the payment of federal income taxes by the Bank on the amount of such income removed from reserves for such purpose at the then current income tax rate. Additionally, the Bank is precluded from paying dividends on its Bank Common Stock if its regulatory capital would thereby be reduced below the regulatory capital requirements prescribed for savings associations. The Bank currently satisfies its applicable regulatory capital requirements.

Under the Delaware General Corporation Law, dividends may be paid either out of surplus or, if there is no surplus, out of net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. After the Reorganization, the Stock Holding Company's principal source of income will initially consist of its equity in the earnings, if any, of the Bank. Although the Stock Holding Company will not be subject to the above dividend restrictions regarding dividend payments to its stockholders, the restrictions on the Bank's ability to pay dividends to the Stock Holding Company will continue in effect.

The payment of future cash dividends by the Bank, and thus by the Stock Holding Company, will continue to depend upon the Bank's earnings, financial condition and capital requirements, as well as the tax and regulatory considerations discussed herein. The Bank's Board of Directors considers many factors including the Bank's profitability, maintenance of adequate capital, the Bank's current and anticipated future income, outstanding loan commitments, adequacy of loan loss reserves, cash flow requirements and economic conditions prior to declaring a dividend. Moreover, before declaring a dividend, the Board of Directors must determine that the Bank will exceed its regulatory capital requirements after the payment of the dividend.

The Mutual Holding Company has waived the right to receive all dividends paid by the Bank. See "Dividend Policy."

Special Meetings of Stockholders. For a period of five years following completion of its mutual holding company reorganization in August 1995, special meetings of the Bank's stockholders relating to a change in control of the Bank or an amendment to the Charter of the Bank may be called only by the Bank's Board of Directors. Special meetings of the Bank's stockholders for other purposes may be called by the chairman of the board, the president or a majority of the Board of Directors. The Certificate of Incorporation of the Stock Holding Company provides that special meetings of the stockholders of the Stock Holding Company may be called by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors which the Stock Holding Company would have if there were no vacancy on the Board. This provision will make it more difficult for stockholders to call for a special meeting of stockholders.

Cumulative Voting. Cumulative voting entitles each stockholder to cast a number of votes in the election of directors equal to the number of such stockholder's shares of common stock multiplied by the number of directors to be elected, and to distribute such votes among one or more of the nominees to be elected. The Certificate of Incorporation of the Stock Holding Company does not provide for cumulative voting, and the Charter of the Bank states that cumulative voting is not

permitted. The absence of cumulative voting rights means that the holders of a majority of the shares voted at a meeting of stockholders may elect all directors of the Bank and the Stock Holding Company thereby precluding minority stockholder representation on the Bank's and Stock Holding Company's Boards of Directors. Because the Mutual Holding Company owns a majority of the Bank Common Stock, and will own a majority of the Common Stock, the Mutual Holding Company is able to elect all of the directors of the Bank's Board of Directors, and after the Reorganization will be able to elect all of the members of Stock Holding Company's Board of Directors.

Rights of Stockholders to Dissent. Stockholders of the Bank have dissenters' appraisal rights in connection with certain combinations of the Bank if such stockholder has not voted in favor of the combination and complies with the procedural requirements of Federal regulations. A stockholder of the Bank does not have dissenters' rights of appraisal if, generally, such stockholder receives cash and/or securities listed on the Nasdaq Stock Market in exchange for Bank securities in the combination, and the Bank's stock is listed on the Nasdaq Stock Market or stockholder approval of the combination is not required.

Stockholders of the Stock Holding Company who have neither voted in favor of nor consented to certain mergers and consolidations have appraisal rights under Delaware law, provided that no appraisal rights are generally

available for holders of shares of stock that on the record date were listed in a national securities exchange or the Nasdaq Stock Market, or held of record by more than 2,000 holders. Notwithstanding the preceding sentence, appraisal rights are generally available for stockholders who have neither voted in favor of nor consented to such mergers and consolidations where the stockholder is required by the terms of the merger agreement to accept for such stock anything other than, generally, shares of the surviving corporation, shares of another corporation which at the effective time of the merger are either listed on a national securities exchange or the Nasdaq Stock Market or held of record by more than 2,000 stockholders, cash in lieu of fractional shares, or any combination of shares and cash in lieu of fractional shares.

Vacancies on the Board of Directors. Any vacancy on the Board of Directors of the Bank may be filled by the affirmative vote of a majority of the remaining directors, and any director so appointed is to serve the remainder of the unexpired term of the director whose vacancy has been filled. Additionally, any directorship of the Bank to be filled by reason of an increase in the number of directors may be filled by election by the Board of Directors for a term of office only until the next election of directors by the stockholders. The Certificate of Incorporation of the Stock Holding Company provides that vacancies on the board and newly created directorships may be filled by a majority vote of the directors then in office. Directors appointed to fill a vacancy may serve until the annual meeting of stockholders at which the term of office of the class of directors to which they have been chosen expires.

Number and Term of Directors. The Bank's federal stock charter provides that its Board of Directors shall consist of not less than five nor more than 15 members, as set forth in the Bylaws, and the Bylaws state that the Board of Directors shall consist of ten members. The Stock Holding Company's Certificate of Incorporation and Bylaws provide that its Board of Directors shall be fixed from time to time, generally, pursuant to a resolution adopted by a majority of the Board of Directors. The Bank's Federal Stock Charter provides for a classified board of directors, consisting of three substantially equal classes of directors, each serving for a three year term, with the term of each class of directors ending in successive years. The Stock Holding Company's Certificate of Incorporation also provides for a classified board of directors.

Presentation of New Business at Meetings of Stockholders. The Bank's Bylaws generally provide that any stockholder desiring to make a nomination for the election of directors or a proposal for new business at a meeting of stockholders must submit written notice to the Bank at least five days in advance of the meeting. Failure to comply with these advance notice requirements will preclude such nominations or new business from being considered at the meeting.

The Stock Holding Company's Bylaws provide that a stockholder wishing to make nominations or proposals must give written notice to the Secretary of the Stock Holding Company not less than 90 days before the meeting; provided, however, that in the event that less than 100 days prior public disclosure of the annual or special meeting is given to stockholders, notice by the stockholder must be given to the Stock Holding Company no later than 10 business days following the date on which notice of the meeting is mailed or public disclosure of the meeting is made, together with certain information relating to the nomination or proposed new business.

Mutual Holding Company Ownership. So long the Mutual Holding Company is in existence, the Mutual Holding Company must own at least a majority of the outstanding voting stock of the Bank, and following the Reorganization, of the Stock Holding Company. The Mutual Holding Company currently is able to elect the Bank's directors and direct the affairs and business operations of the Bank, and after the Reorganization, will be able to elect the Stock Holding Company's directors and direct the affairs and business operations of the Stock Holding Company.

Limitation on Voting Rights. The Certificate of Incorporation of the Stock Holding Company provides that in no event shall any record owner of any outstanding Common Stock which is beneficially owned, directly or indirectly, by a person other than the Mutual Holding Company who beneficially owns in excess of 10% of the then outstanding shares of Common Stock (the "Limit") be entitled or permitted to any vote in respect of the shares held in excess of the Limit. Beneficial ownership is determined pursuant to Rule 13d-3 of the rules and regulations promulgated pursuant to the Exchange Act, and includes shares beneficially owned by such person or any of his affiliates (as defined in the Certificate of Incorporation), shares which such person or his affiliates have the right to acquire upon the exercise of conversion rights or options and shares as to which such person and his affiliates have or share investment or voting power, but shall not include shares beneficially owned by any employee stock ownership plan or similar plan of the Stock Holding Company or directors, officers and employees of the Bank or the Stock

Holding Company or shares that are subject to a revocable proxy and that are not otherwise beneficially owned, or deemed by the Stock Holding Company to be beneficially owned, by such person and his affiliates. The Certificate of Incorporation of the Stock Holding Company further provides that the provision limiting voting rights may only be amended upon the vote of 80% of the outstanding shares of voting stock.

Stockholder Vote Required to Approve Business Combinations with Principal Stockholders. The Stock Holding Company's Certificate of Incorporation requires the approval of the holders of at least 80% of the Stock Holding Company's outstanding shares of voting stock to approve certain "Business Combinations," as defined therein, and related transactions. Under Delaware General Corporation Law, absent this provision, Business Combinations, including mergers, consolidations and sales of all or substantially all of the assets of a corporation must, subject to exceptions, be approved by the vote of the holders of only a majority of the outstanding shares of Common Stock of the Stock Holding Company and any other affected class of stock.

Under the Certificate of Incorporation, at least 80% approval of shareholders is required in connection with any transaction involving an Interested Stockholder (as defined below) except (i) in cases where the proposed transaction has been approved in advance by two-thirds of those members of the Stock Holding Company's Board of Directors who are unaffiliated with the Interested Stockholder and were directors prior to the time when the Interested Stockholder became an Interested Stockholder or (ii) if the proposed transaction met certain conditions set forth therein which are designed to afford the stockholders a fair price in consideration for their shares, in which cases approval of only a majority of the outstanding shares of voting stock is required. The term "Interested Stockholder" is defined to include any individual, corporation, partnership or other entity (other than the Stock Holding Company or its subsidiaries) which owns beneficially or controls, directly or indirectly, 10% or more of the outstanding shares of voting stock of the Stock Holding Company. This provision of the Certificate of Incorporation applies to any "Business Combination," which is defined to include (i) any merger or consolidation of the Stock

Holding Company or any of its subsidiaries with or into any Interested Stockholder or Affiliate (as defined in the Certificate of Incorporation) of an Interested Stockholder; (ii) any sale, lease, exchange, mortgage, transfer, or other disposition to or with any Interested Stockholder or Affiliate of 25% or more of the assets of the Stock Holding Company or combined assets of the Stock Holding Company and its subsidiary; (iii) the issuance or transfer to any Interested Stockholder or its Affiliate by the Company (or any subsidiary) of any securities of the Stock Holding Company in exchange for any assets, cash or securities the value of which equals or exceeds 25% of the fair market value of the Common Stock of the Stock Holding Company; (iv) the adoption of any plan for the liquidation or dissolution of the Stock Holding Company proposed by or on behalf of any Interested Stockholder or Affiliate thereof, and (v) any reclassification of securities, recapitalization, merger or consolidation of the Stock Holding Company which has the effect of increasing the proportionate share of Common Stock or any class of equity or convertible securities of the Stock Holding Company owned directly or indirectly, by an Interested Stockholder or Affiliate thereof.

The Bank's Charter has no similar provision.

Evaluation of Offers. The Certificate of Incorporation of the Stock Holding Company further provides that the Board of Directors of the Stock Holding Company, when evaluating any offer of another "Person" (as defined therein), to (i) make a tender or exchange offer for any equity security of the Stock Holding Company, (ii) merge or consolidate the Stock Holding Company with another corporation or entity or (iii) purchase or otherwise acquire all or substantially all of the properties and assets of the Stock Holding Company, may, in connection with the exercise of its judgment in determining what is in the best interest of the Stock Holding Company, the Bank and the stockholders of the Stock Holding Company, give due consideration to all relevant factors, including, without limitation, the social and economic effects of acceptance of such offer on the Stock Holding Company's customers and the Bank's present and future account holders, borrowers and employees; on the communities in which the Stock Holding Company and the Bank operate or are located; and on the ability of the Stock Holding Company to fulfill its corporate objectives as a savings and loan holding company and on the ability of the Bank to fulfill the objectives of a federally chartered stock savings bank under applicable statutes and regulations. By having these standards in the Certificate of Incorporation of the Stock Holding Company, the Board of Directors may be in a stronger position to oppose such a transaction if the Board concludes that the transaction would not be in the best interest of the Stock Holding Company, even if the price offered is significantly greater than the then market price of any equity security of the Stock Holding Company.

The Bank's Charter has no similar provision.

Amendment of Certificate of Incorporation and Bylaws. Amendments to the Stock Holding Company's Certificate of Incorporation must be approved by a majority vote of its Board of Directors and also by a majority of the outstanding shares of its voting stock, provided, however, that an affirmative vote of at least 80% of the outstanding voting stock entitled to vote (after giving effect to the provision limiting voting rights) is required to amend or repeal certain provisions of the Certificate of Incorporation, including the provision limiting voting rights, the provisions relating to approval of certain business combinations, calling special meetings, the number and classification of directors and director and officer indemnification by the Stock Holding Company. The Stock Holding Company's Bylaws may be amended by its Board of Directors, or by a vote of 80% of the total votes eligible to be voted at a duly constituted meeting of stockholders.

Corporate Law. In 1988, Delaware enacted a statute designed to provide Delaware corporations with additional protection against hostile takeovers. The takeover statute, which is codified in Section 203 of the Delaware General Corporation Law ("Section 203"), is intended to discourage certain takeover practices by impeding the ability of a hostile acquiror to engage in transactions with the target company.

In general, Section 203 provides that a "Person" (as defined therein) who owns 15% or more of the outstanding voting stock of a Delaware corporation (an "Interested Stockholder") may not

consummate a merger or other business combination transaction with such corporation at any time during the three-year period following the date such "Person" became an Interested Stockholder. The term "business combination" is defined broadly to cover a wide range of corporate transactions including mergers, sales of assets, issuances of stock, transactions with subsidiaries and the receipt of disproportionate financial benefits.

The statute exempts the following transactions from the requirements of Section 203: (i) any business combination if, prior to the date a person became an Interested Stockholder, the Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an Interested Stockholder; (ii) any business combination involving a person who acquired at least 85% of the outstanding voting stock in the transaction in which he became an Interested Stockholder, calculated without regard to those shares owned by the corporation's directors who are also officers or certain employee stock plans; (iii) any business combination with an Interested Stockholder that is approved by the Board of Directors and by a two-thirds vote of the outstanding voting stock not owned by the Interested Stockholder; and (iv) certain business combinations that are proposed after the corporation had received other acquisition proposals and which are approved or not opposed by a majority of certain continuing members of the Board of Directors. A corporation may exempt itself from the requirements of the statute by adopting an amendment to its Certificate of Incorporation or Bylaws electing not to be governed by Section 203. At the present time, the Board of Directors of the Stock Holding Company does not intend to propose any such amendment.

Federal corporate law does not include a similar statute that would apply to the Bank.

Regulation of the Stock Holding Company

Pursuant to OTS Policy, the Stock Holding Company will be regulated as a multiple savings and loan holding company within the meaning of the Home Owners' Loan Act ("HOLA"). As such, the Stock Holding Company will be registered with and be subject to OTS examination and supervision as well as certain reporting requirements. In addition, the operations of the Stock Holding Company are subject to regulations promulgated by the OTS from time to time. As an FDIC-insured subsidiary of a savings and loan holding company, the Bank will be subject to certain restrictions in dealing with the Stock Holding Company and with other persons affiliated with the Stock Holding Company, and will continue to be subject to examination and supervision by the OTS and the FDIC.

The HOLA prohibits a savings and loan holding company, directly or indirectly, from (i) acquiring control (as defined) of another insured institution (or holding company thereof) without prior OTS approval; (ii) acquiring more than 5% of the voting shares of another insured institution (or holding company thereof) which is not a subsidiary, subject to certain exceptions; (iii) acquiring through merger, consolidation or the purchase of assets, another savings institution or holding company thereof, or acquiring all or substantially all of the assets of such institution (or holding company thereof) without prior OTS approval; or (iv) acquiring control of a bank that is not a "savings association" (as defined therein), except through a merger with and into the holding company's savings institution subsidiary that is approved by the OTS. A savings and loan holding company may acquire up to 15% of

the voting shares of an undercapitalized savings institution. A savings and loan holding company may not acquire as a separate subsidiary an insured institution that has principal offices outside of the state where the principal offices of its subsidiary institution is located, except (i) in the case of certain emergency acquisitions approved by the FDIC, (ii) if the holding company controlled (as defined) such insured institution as of March 5, 1987, or (iii) if the laws of the state in which the insured institution to be acquired is located specifically authorize a savings institution chartered by that state to be acquired by a savings institution chartered by the state where the acquiring savings institution or savings and loan holding company is located, or by a holding company that controls such a state chartered institution. No director or officer of a savings and loan holding company or person owning or controlling more than 25% of such holding company's voting shares may, except

with the prior approval of the OTS, acquire control of any savings association that is not a subsidiary of such holding company. If the OTS approves such an acquisition, any holding company controlled by such officer, director or person shall be subject to the activities limitations that apply to multiple savings and loan holding companies, unless certain supervisory exceptions apply.

Description of Capital Stock of The Stock Holding Company

The Stock Holding Company is authorized to issue 20,000,000 shares of Common Stock having a par value of \$.10 per share and 1,000,000 shares of serial preferred stock (the "Preferred Stock"). The Stock Holding Company currently will issue a number of shares Common Stock equal to the number of shares of Bank Common Stock outstanding immediately prior to the Reorganization, and will issue no shares of Preferred Stock in the Reorganization. Each share of the Common Stock will have the same relative rights as, and will be identical in all respects with, each other share of Common Stock.

The Common Stock of the Stock Holding Company will represent nonwithdrawable capital, will not be an account of an insurable type, and will not be insured by the FDIC or any government agency.

Holding Company Common Stock

Dividends. The Stock Holding Company can pay dividends out of statutory surplus or from certain net profits if, as, and when declared by its Board of Directors. The payment of dividends by the Stock Holding Company is subject to limitations which are imposed by law and applicable regulation. The holders of Common Stock of the Stock Holding Company will be entitled to receive and share equally in such dividends as may be declared by the Board of Directors of the Stock Holding Company out of funds legally available therefor. If the Stock Holding Company issues Preferred Stock, the holders thereof may have a priority over the holders of the Common Stock with respect to dividends.

Voting Rights. The holders of Common Stock will possess exclusive voting rights in the Stock Holding Company. They will elect the Stock Holding Company's Board of Directors and act on such other matters as are required to be presented to them under Delaware law or as are otherwise presented to them by the Board of Directors. If the Stock Holding Company issues Preferred Stock, holders of the Preferred Stock may also possess voting rights. Certain matters require an 80% stockholder vote.

Liquidation. In the event of any liquidation, dissolution or winding up of the Bank, the Stock Holding Company, as holder of the Bank's capital stock, would be entitled to receive, after payment or provision for payment of all debts and liabilities of the Bank (including all deposit accounts and accrued interest thereon) and after distribution of the balance in the special liquidation account established in connection with the Bank's mutual holding company reorganization, all assets of the Bank available for distribution. In the event of liquidation, dissolution or winding up of the Stock Holding Company, the holders of its Common Stock would be entitled to receive, after payment or provision for payment of all its debts and liabilities, all of the assets of the Stock Holding Company available for distribution. If Preferred Stock is issued, the holders thereof may have a priority over the holders of the Common Stock in the event of liquidation or dissolution.

Preemptive Rights. Holders of the Common Stock will not be entitled to preemptive rights with respect to any shares which may be issued. The Common Stock is not subject to redemption.

Preferred Stock

None of the shares of the Stock Holding Company's authorized Preferred Stock will be issued in the Reorganization. Such stock may be issued with such preferences and designations as the Board of Directors may from time to time determine. The Board of Directors can, without shareholder approval, issue Preferred Stock with voting, dividend, liquidation and conversion rights which could dilute the voting strength of the holders of the Common Stock and may assist management in impeding an unfriendly takeover or attempted change in control.

Accounting Treatment

The Reorganization will be treated similar to a pooling of interests for accounting purposes. Therefore, the consolidated capitalization, assets, liabilities, income and financial statements of the Stock Holding Company immediately following the Reorganization will be substantially the same as those of the Bank immediately prior to consummation of the Reorganization, all of which will be shown on the Stock Holding Company's books at their historical recorded values. Since the Reorganization will not result in a change in such financial statements, this document does not include financial statements of the Bank or the Stock Holding Company.

Vote Required

Approval of the Plan of Reorganization requires the affirmative vote of a majority of the total votes eligible to be cast at the Special Meeting. Failure to vote or a vote to abstain is equivalent to voting against the Plan of Reorganization. The Board of Directors recommends a vote "FOR" the approval of the Plan of Reorganization.

This description of the proposed Stock Holding Company for the Bank does not purport to be complete, but is qualified in its entirety by the Plan of Reorganization and Certificate of Incorporation and Bylaws of the Stock Holding Company attached as Exhibits A, B and C, respectively, to this Proxy Statement.

Recommendation

The Board of Directors of the Bank believes that the Reorganization will enhance the ability of the Bank and the Stock Holding Company to undertake mergers and acquisitions, enable the Stock Holding Company to repurchase Holding Company Common Stock as market conditions permit, and provide the Stock Holding Company greater flexibility to diversify its business activities. The Board of Directors of the Bank has unanimously approved the Reorganization and recommends that the stockholders vote "FOR" the Plan of Reorganization.

PROPOSAL III--RATIFICATION OF APPOINTMENT OF AUDITORS

The Board of Directors of the Bank has approved the engagement of KPMG Peat Marwick, LLP to be the Bank's auditors for the year ending December 31, 1997, subject to the ratification of the engagement by the Bank's stockholders. At the Meeting, the stockholders will consider and vote on the ratification of the engagement of KPMG Peat Marwick, LLP for the Bank's fiscal year ending December 31, 1997. A representative of KPMG Peat Marwick, LLP is expected to attend the Meeting to respond to appropriate questions and to make a statement if he so desires.

In order to ratify the selection of KPMG Peat Marwick, LLP as the auditors for the fiscal year ended December 31, 1997, the proposal must receive at least a majority of the votes cast, either in person or by proxy, in favor of such ratification.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF KPMG PEAT MARWICK, LLP AS AUDITORS FOR THE 1997 FISCAL YEAR.

STOCKHOLDER PROPOSALS

In order to be eligible for inclusion in the Bank's proxy materials for next year's Annual Meeting of Stockholders, any stockholder proposal to take action at such meeting must be received at the Bank's executive office, 134 Franklin Corner Road, Lawrenceville, New Jersey 08648-0950, no later than November 24, 1997. Any such proposals shall be subject to the requirements of the proxy rules adopted under the Securities Exchange Act of 1934.

OTHER MATTERS

The Board of Directors is not aware of any business to come before the Meeting other than the matters described above in the Proxy Statement. However, if any matters should properly come before the Meeting, it is intended that holders of the proxies will act in accordance with their best judgment.

MISCELLANEOUS

The cost of solicitation of proxies will be borne by the Bank. The Bank will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of Common Stock. In addition to solicitations by mail, directors, officers and regular employees of the Bank may solicit proxies personally or by telegraph or telephone without additional compensation. The Bank's Annual Report to Stockholders has been mailed to all stockholders of record as of the close of business on February 28, 1997. Any stockholder who has not received a copy of such Report may obtain a copy by writing the Bank. Such Report is not to be treated as a part of the proxy solicitation material nor as having been incorporated herein by reference.

A COPY OF THE BANK'S REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 1996, WILL BE FURNISHED WITHOUT CHARGE TO STOCKHOLDERS AS OF THE RECORD DATE UPON WRITTEN REQUEST TO ROBERT C. HOLLENBECK, CORPORATE SECRETARY, TRENTON SAVINGS BANK, 134 FRANKLIN CORNER ROAD, LAWRENCEVILLE, NEW JERSEY 08648-0950.

BY ORDER OF THE BOARD OF DIRECTORS

Robert C. Hollenbeck
Corporate Secretary

Lawrenceville, New Jersey
March 14, 1997

EXHIBIT A

TRENTON SAVINGS BANK

AGREEMENT AND PLAN OF REORGANIZATION

THIS AGREEMENT AND PLAN OF REORGANIZATION, dated October 9, 1996, is by and among TRENTON SAVINGS BANK, a Federal stock savings bank (the "Bank"); PEOPLES BANCORP, a Delaware corporation (the "Stock Holding Company"), and TSB INTERIM SAVINGS BANK, FSB, a to-be-formed interim federal stock savings bank ("Interim").

The parties hereto desire to enter into an Agreement and Plan of Reorganization whereby the corporate structure of the Bank will be reorganized into the stock holding company form of ownership. The result of such reorganization will be that immediately after the Effective Date (as defined in Article V below), all of the issued and outstanding shares of common stock, par value \$.10 per share, of the Bank will be held by the Stock Holding Company, and the holders of the issued and outstanding shares of common stock of the Bank will become the holders of the issued and outstanding shares of common stock of the Stock Holding Company.

The reorganization of the Bank will be accomplished by the following steps: (1) the formation by the Bank of the Stock Holding Company as a wholly owned subsidiary; (2) the formation of an interim federal stock savings bank, "Interim," which will be wholly owned by the Stock Holding Company; and (3) the merger of Interim into the Bank, with the Bank as the surviving corporation. Pursuant to such merger: (i) each of the issued and outstanding shares of common stock of the Bank will be converted by operation of law into an equal number of issued and outstanding shares of common stock of the Stock Holding Company; and (ii) each of the issued and outstanding shares of common stock of Interim will automatically be converted by operation of law into an equal number of issued and outstanding shares of common stock of the Bank.

NOW, THEREFORE, in order to consummate this Agreement and Plan of Reorganization, and in consideration of the mutual covenants herein set forth, the parties agree as follows:

ARTICLE I

MERGER OF INTERIM INTO
THE BANK AND RELATED MATTERS

1.1 On the Effective Date, Interim will be merged with and into the Bank (the "Merger") and the separate existence of Interim shall cease, and all assets and property (real, personal and mixed, tangible and intangible, choses in action, rights and credits) then owned by Interim, or which would inure to it, shall immediately and automatically, by operation of law and without any conveyance, transfer, or further action, become the property of the Bank. The Bank shall be deemed to be a continuation of Interim, and the Bank shall succeed to the rights and obligations of Interim.

1.2 Following the Merger, the existence of the Bank shall continue unaffected and unimpaired by the Merger, with all the rights, privileges, immunities and powers, and subject to all the duties and liabilities, of a corporation organized under Federal law. The Charter and Bylaws of the Bank, as presently in effect, shall continue in full force and effect and shall not be changed in any manner whatsoever by the Merger.

1.3 From and after the Effective Date, and subject to the actions of the Board of Directors of the Bank, the business presently conducted by the Bank (whether directly or through its subsidiaries) will continue to be conducted by it, as a wholly owned subsidiary of Stock Holding Company, and the present directors and officers of the Bank will continue in their present positions. The home office and branch offices of the Bank in existence immediately prior to the Effective Date shall continue to be the home office and branch offices, respectively, of the Bank from and after the Effective Date.

ARTICLE II

CONVERSION OF STOCK

2.1 The terms and conditions of the Merger, the mode of carrying the same into effect, and the manner and basis of converting the common stock of the Bank into common stock of the Stock Holding Company pursuant to this Agreement shall be as follows:

A. On the Effective Date, each share of common stock, par value \$.10 per share, of the Bank issued and outstanding immediately prior to the Effective Date shall automatically by operation of law be converted into and shall become one share of Common Stock, par value \$0.10 per share, of the Stock Holding Company (the "Stock Holding Company Common Stock"). Each share of common stock of Interim issued and outstanding immediately prior to the Effective Date shall, on the Effective Date, automatically by operation of law be converted into and become one share of common stock, \$.10 par value per share, of the Bank and shall not be further converted into shares of the Stock Holding Company, so that from and after the Effective Date, all of the issued and outstanding shares of common stock of the Bank shall be held by the Stock Holding Company.

B. On the Effective Date, the current stock option plans and recognition plans of the Bank (collectively, the "Benefit Plans") shall automatically, by operation of law, be continued as Benefit Plans of the Bank and/or the Stock Holding Company. Each option to purchase shares of the Bank common stock under the Bank's stock option plan outstanding at that time will be automatically converted into an identical option, with identical price, terms and conditions, to purchase an identical number of shares of Stock Holding Company Common Stock in lieu of shares of the Bank common stock. The Stock Holding Company and the Bank may make appropriate amendments to the Benefit Plans to reflect the adoption of the Benefit Plans as the plans of the Stock Holding Company, without adverse effect on the Benefit Plans and their participants.

C. From and after the Effective Date, each holder of an outstanding certificate or certificates that, prior thereto, represented shares of the Bank common stock, shall, upon surrender of the same to the designated agent of the Bank, be entitled to receive in exchange therefor a certificate or certificates representing the number of whole shares of Stock Holding Company Common Stock into which the shares theretofore represented by the certificate or certificates so surrendered shall have been converted, as provided in the foregoing provisions of this Section 2.1. Until so surrendered, each such outstanding certificate which, prior to the Effective Date, represented shares of Bank common stock shall be automatically

deemed for all purposes to evidence the ownership of the equal number of whole shares of Stock Holding Company Common Stock. Former holders of shares of Bank common stock will not be required to exchange their Bank common stock certificates for new certificates evidencing the same number of shares of Stock Holding Company Common Stock. If in the future the Stock Holding Company

determines to effect an exchange of stock certificates, instructions will be sent to all holders of record of Stock Holding Company Common Stock.

D. All shares of Stock Holding Company Common Stock into which shares of the Bank common stock shall have been converted pursuant to this Article II shall be deemed to have been issued in full satisfaction of all rights pertaining to such converted shares.

E. On the Effective Date, the holders of certificates formerly representing the Bank common stock outstanding on the Effective Date shall cease to have any rights with respect to the stock of the Bank common stock, and their sole rights shall be with respect to the Stock Holding Company Common Stock into which their shares of the Bank common stock shall have been converted by the Merger.

ARTICLE III

CONDITIONS

3.1 The obligations of the Bank, Stock Holding Company and Interim to effect the Merger and otherwise consummate the transactions which are the subject matter hereof shall be subject to satisfaction of the following conditions:

A. To the extent required by applicable law, rules, and regulations, the holders of the outstanding shares of the Bank common stock shall, at a meeting of the stockholders of the Bank duly called, have approved this Agreement by the affirmative vote of a majority of the outstanding shares of the Bank common stock.

B. Any and all approvals from the OTS, the Securities and Exchange Commission and any other state or federal governmental agency having jurisdiction necessary for the lawful consummation of the Merger and the issuance and delivery of Stock Holding Company Common Stock as contemplated by this Agreement shall have been obtained.

C. The Bank shall have received either (i) a ruling from the Internal Revenue Service or (ii) an opinion from its legal counsel, to the effect that the Merger will be treated as a non-taxable transaction under applicable provisions of the Internal Revenue Code of 1986, as amended, and that no gain or loss will be recognized by the stockholders of the Bank upon the exchange of the Bank common stock held by them solely for Stock Holding Company Common Stock.

ARTICLE IV

TERMINATION

4.1 This Agreement may be terminated at the election of any of the parties hereto if any one or more of the conditions to the obligations of any of them hereunder shall not have been satisfied and shall have become incapable of fulfillment and shall not be waived. This Agreement may also be terminated at any time prior to the Effective Date by the mutual consent of the respective Boards of Directors of the parties.

4.2 In the event of the termination of this Agreement pursuant to any of the foregoing provisions, no party shall have any further liability or obligation of any nature to any other party under this Agreement.

ARTICLE V

EFFECTIVE DATE OF MERGER

Upon satisfaction or waiver (in accordance with the provisions of this Agreement) of each of the conditions set forth

in Article III, the parties hereto shall execute and cause to be filed the Merger Agreement and such certificates or further documents as shall be required by the OTS and applicable state law, and with such other federal or state regulatory agencies as may be required. Upon approval by the OTS and endorsement of such Merger Agreement by the OTS and, if necessary, applicable state authorities, the Merger and other transactions contemplated by this Agreement shall become effective. The Effective Date for all purposes hereunder shall be the date of such endorsement by the OTS.

ARTICLE VI

MISCELLANEOUS

6.1 Any of the terms or conditions of this Agreement, which may legally be waived, may be waived at any time by any party hereto that is entitled to the benefit thereof, or any of such terms or conditions may be amended or modified in whole or in part at any time, to the extent authorized by applicable law, by an agreement in writing, executed in the same manner as this Agreement.

6.2 Any of the terms or conditions of this Agreement may be amended or modified in whole or in part at any time, to the extent permitted by applicable law, rules, and regulations, by an amendment in writing, provided that any such amendment or modification is not materially adverse to the Bank, Stock Holding Company or their stockholders. In the event that any governmental agency requests or requires that the transactions contemplated herein be modified in any respect as a condition of providing a necessary regulatory approval or favorable ruling, or that in the opinion of counsel such modification is necessary to obtain such approval or ruling, this Agreement may be modified, at any time before or after adoption thereof by the stockholders of the Bank, by an instrument in writing, provided that the effect of such amendment would not be materially adverse to the Bank, Stock Holding Company or their stockholders.

6.3 This Agreement shall be governed by and construed under the laws of the United States, except insofar as state law is deemed to apply.

PAGE

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement and Plan of Reorganization as of the date first above written.

TRENTON SAVINGS BANK

By: \s\ Wendell T. Breithaupt

Wendell T. Breithaupt
President and Chief Executive
Officer

PEOPLES BANCORP

By: \s\ Wendell T. Breithaupt

Wendell T. Breithaupt
President and Chief Executive
Officer

TSB INTERIM SAVINGS BANK,
FSB (in formation)

By: \s\ Wendell T. Breithaupt

Wendell T. Breithaupt
President and Chief Executive
Officer

EXHIBIT B

CERTIFICATE OF INCORPORATION
OF
PEOPLES BANCORP, INC.

FIRST: The name of the Corporation is Peoples Bancorp, Inc. (hereinafter referred to as the "Corporation").

SECOND: The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of the registered agent at that address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of Delaware.

FOURTH:

A. The total number of shares of all classes of stock which the Corporation shall have authority to issue is twenty-one million (21,000,000) consisting of:

1. one million (1,000,000) shares of Preferred Stock, par value ten cents (\$.10) per share (the "Preferred Stock"); and
2. twenty million (20,000,000) shares of Common Stock, par value ten cents (\$.10) per share (the "Common Stock").

B. The Board of Directors is authorized, subject to any limitations prescribed by law, to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a "Preferred Stock Designation"), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the Common Stock, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any Preferred Stock Designation.

C. 1. Notwithstanding any other provision of this Certificate of Incorporation, in no event shall any record owner of any outstanding Common Stock which is beneficially owned, directly or indirectly, by a person who, as of any record date for the determination of stockholders entitled to vote on any matter, beneficially owns in excess of 10% of the then-outstanding shares of Common Stock (the "Limit"), be entitled, or permitted to any vote in respect of the shares held in excess of the Limit. The Limit shall not be applicable to shares held by Peoples Bancorp, MHC. The number of votes which may be cast by any record owner by virtue of the provisions hereof in respect of Common Stock beneficially owned by such person owning shares in excess of the Limit shall be a number equal to the total number of votes which a single record owner of all Common Stock owned by such person would be entitled to cast, multiplied by a fraction, the numerator of which is the number of shares of such class or series which are both beneficially owned by such person and owned of record by such record owner and the denominator

of which is the total number of shares of Common Stock beneficially owned by such person owning shares in excess of the Limit.

2. The following definitions shall apply to this Section C of this Article FOURTH:

(a) "Affiliate" shall have the meaning ascribed to it in Rule 12b-2 of the General Rules and Regulations under the Securities Act of 1934, as in effect on the date of filing of this Certificate of Incorporation. However, the term Affiliate shall not include Peoples Bancorp, MHC.

(b) "Beneficial ownership" shall be determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 (or any successor rule or statutory provision), or, if said Rule 13d-3 shall be rescinded

and there shall be no successor rule or statutory provision thereto, pursuant to said Rule 13d-3 as in effect on the date of filing of this Certificate of Incorporation; provided, however, that a person shall, in any event, also be deemed the "beneficial owner" of any Common Stock:

(1) which such person or any of its affiliates beneficially owns, directly or indirectly; or

(2) which such person or any of its affiliates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding (but shall not be deemed to be the beneficial owner of any voting shares solely by reason of an agreement, contract, or other arrangement with this Corporation to effect any transaction which is described in any one or more of clauses of Section A of Article EIGHTH) or upon the exercise of conversion rights, exchange rights, warrants, or options or otherwise, or (ii) sole or shared voting or investment power with respect thereto pursuant to any agreement, arrangement, understanding, relationship or otherwise (but shall not be deemed to be the beneficial owner of any voting shares solely by reason of a revocable proxy granted for a particular meeting of stockholders, pursuant to a public solicitation of proxies for such meeting, with respect to shares of which neither such person nor any such affiliate is otherwise deemed the beneficial owner); or

(3) which are beneficially owned, directly or indirectly, by any other person with which such first mentioned person or any of its affiliates acts as a partnership, limited partnership, syndicate or other group pursuant to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of this Corporation;

and provided further, however, that (1) no Director or Officer of this Corporation (or any affiliate of any such Director or Officer) shall, solely by reason of any or all of such Directors or Officers acting in their capacities as such, be deemed, for any purposes hereof, to beneficially own any Common Stock beneficially owned

by another such Director or Officer (or any affiliate thereof), and (2) neither any employee stock ownership plan or similar plan of this Corporation or any subsidiary of this Corporation, nor any trustee with respect thereto or any affiliate of such trustee (solely by reason of such capacity of such trustee), shall be deemed, for any purposes hereof, to beneficially own any Common Stock held under any such plan. For purposes of computing the percentage beneficial ownership of Common Stock of a person the outstanding Common Stock shall include shares deemed owned by such person through application of this subsection but shall not include any other Common Stock which may be issuable by this Corporation pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise. For all other purposes, the outstanding Common Stock shall include only Common Stock then outstanding and shall not include any Common Stock which may be issuable by this Corporation pursuant to any agreement, or upon the exercise of conversion rights, warrants or options, or otherwise.

(c) A "person" shall mean any individual, firm, corporation, or other entity.

3. The Board of Directors shall have the power to construe and apply the provisions of this section and to make all determinations necessary or desirable to implement such provisions, including but not limited to matters with respect to (i) the number of shares of Common Stock beneficially owned by any person, (ii) whether a person is an affiliate of another, (iii) whether a person has an agreement, arrangement, or understanding with another as to the matters referred to in the definition of beneficial ownership, (iv) the application of any other definition or operative provision of the section to the given facts, or (v) any other matter relating to the applicability or effect of this section.

4. The Board of Directors shall have the right to demand that any person who is reasonably believed to beneficially own Common Stock in excess of the Limit (or holds of record Common Stock beneficially owned by any person in excess of the Limit) supply the Corporation with complete information as to (i)

the record owner(s) of all shares beneficially owned by such person who is reasonably believed to own shares in excess of the Limit, (ii) any other factual matter relating to the applicability or effect of this section as may reasonably be requested of such person.

5. Except as otherwise provided by law or expressly provided in this section, the presence, in person or by proxy, of the holders of record of shares of capital stock of the Corporation entitling the holders thereof to cast a majority of the votes (after giving effect, if required, to the provisions of this section) entitled to be cast by the holders of shares of capital stock of the Corporation entitled to vote shall constitute a quorum at all meetings of the stockholders, and every reference in this Certificate of Incorporation to a majority or other proportion of capital stock (or the holders thereof) for purposes of determining any quorum requirement or any requirement for stockholder consent or approval shall be deemed to refer to such majority or other proportion of the votes (or the holders thereof) then entitled to be cast in respect of such capital stock.

6. Any constructions, applications, or determinations made by the Board of Directors pursuant to this section in good faith and on the basis of such information and assistance as was then reasonably available for such purpose shall be conclusive and binding upon the Corporation and its stockholders.

7. In the event any provision (or portion thereof) of this section shall be found to be invalid, prohibited or unenforceable for any reason, the remaining provisions (or portions thereof) of this section shall remain in full force and effect, and shall be construed as if such invalid, prohibited or unenforceable provision had been stricken herefrom or otherwise rendered inapplicable, it being the intent of this Corporation and its stockholders that such remaining provision (or portion thereof) of this section remain, to the fullest extent permitted by law, applicable and enforceable as to all stockholders, including stockholders owning an amount of stock over the Limit, notwithstanding any such finding.

FIFTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its Directors and stockholders:

A. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Certificate of Incorporation or the Bylaws of the Corporation, the Directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

B. The Directors of the Corporation need not be elected by written ballot unless the Bylaws so provide.

C. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

D. Special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directorships (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption) (the "Whole Board") or as otherwise provided in the Bylaws.

SIXTH:

A. The number of Directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board. The Directors shall be divided into three classes, with the term of office of the first class to expire at the first annual meeting of stockholders, the term of office of the second class to expire at the annual meeting of stockholders one year thereafter and the term of office of the third class to expire at the annual meeting of stockholders two years thereafter. At each annual

meeting of stockholders following such initial classification and election, Directors elected to succeed those Directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election.

B. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of Directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the Directors then in office, though less than a quorum, and Directors so chosen shall hold office for a term expiring at the annual meeting of

stockholders at which the term of office of the class to which they have been chosen expires. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director.

C. Advance notice of stockholder nominations for the election of Directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation.

D. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any Director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least 80 percent of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors (after giving effect to the provisions of Article FOURTH of this Certificate of Incorporation ("Article FOURTH")), voting together as a single class.

SEVENTH: The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board of Directors shall require the approval of two-thirds of the Whole Board. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least 80 percent of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of Directors (after giving effect to the provisions of Article FOURTH), voting together as a single class, shall be required to adopt, amend or repeal any provisions of the Bylaws of the Corporation.

EIGHTH:

A. In addition to any affirmative vote required by law or this Certificate of Incorporation, and except as otherwise expressly provided in this section:

1. any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with (i) any Interested Stockholder (as hereinafter defined) or (ii) any other corporation (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Stockholder; or

2. any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder, or any Affiliate of any Interested Stockholder, of any assets of the Corporation or any Subsidiary having an aggregate Fair Market Value (as hereinafter defined) equaling or exceeding 25% or more of the combined assets of the Corporation and its Subsidiaries; or

3. the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value

(as hereinafter defined) equaling or exceeding 25% of the combined Fair Market Value of the then-outstanding common

stock of the Corporation and its Subsidiaries, except pursuant to an employee benefit plan of the Corporation or any Subsidiary thereof; or

4. the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of an Interested Stockholder or any Affiliate of an Interested Stockholder; or

5. any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportional share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by an Interested Stockholder or any Affiliate of an Interested Stockholder;

shall require the affirmative vote of the holders of at least 80% of the voting power of the then-outstanding shares of stock of the Corporation entitled to vote in the election of Directors (the "Voting Stock") (after giving effect to the provision of Article FOURTH), voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or by any other provisions of this Certificate of Incorporation or any Preferred Stock Designation or in any agreement with any national securities exchange or otherwise.

The term "Business Combination" as used in this Article EIGHTH shall mean any transaction which is referred to in any one or more of paragraphs 1 through 5 of Section A of this Article EIGHTH.

B. The provisions of Section A of this Article EIGHTH shall not be applicable to any particular Business Combination, and such Business Combination shall require only the affirmative vote of the majority of the outstanding shares of capital stock entitled to vote, or such vote as is required by law or by this Certificate of Incorporation, if, in the case of any Business Combination that does not involve any cash or other consideration being received by the stockholders of the Corporation solely in their capacity as stockholders of the Corporation, the condition specified in the following paragraph 1 is met or, in the case of any other Business Combination, all of the conditions specified in either of the following paragraphs 1 or 2 are met:

1. The Business Combination shall have been approved by two-thirds of the Disinterested Directors (as hereinafter defined).

2. All of the following conditions shall have been met:

(a) The aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by the holders of Common Stock in such Business Combination shall at least be equal to the higher of the following:

(1) (if applicable) the Highest Per Share Price (as hereinafter defined), including any brokerage commissions, transfer taxes and soliciting dealers' fees, paid by the Interested Stockholder or any of its Affiliates for any shares of

Common Stock acquired by it (i) within the two-year period immediately prior to the first public announcement of the proposal of the Business Combination (the "Announcement Date"), or (ii) in the transaction in which it became an Interested Stockholder, whichever is higher.

(2) the Fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Interested Stockholder became an Interested Stockholder (such latter date is referred to in this Article EIGHTH as the

"Determination Date"), whichever is higher.

(b) The aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of shares of any class of outstanding Voting Stock other than Common Stock shall be at least equal to the highest of the following (it being intended that the requirements of this subparagraph (b) shall be required to be met with respect to every such class of outstanding Voting Stock, whether or not the Interested Stockholder has previously acquired any shares of a particular class of Voting Stock):

(1) (if applicable) the Highest Per Share Price (as hereinafter defined), including any brokerage commissions, transfer taxes and soliciting dealers' fees, paid by the Interested Stockholder for any shares of such class of Voting Stock acquired by it (i) within the two-year period immediately prior to the Announcement Date, or (ii) in the transaction in which it became an Interested Stockholder, whichever is higher;

(2) (if applicable) the highest preferential amount per share to which the holders of shares of such class of Voting Stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation; and

(3) the Fair Market Value per share of such class of Voting Stock on the Announcement Date or on the Determination Date, whichever is higher.

(c) The consideration to be received by holders of a particular class of outstanding Voting Stock (including Common Stock) shall be in cash or in the same form as the Interested Stockholder has paid for shares of such class of Voting Stock. If the Interested Stockholder has previously paid for shares of any class of Voting Stock with varying forms of consideration, the form of consideration to be received per share by holders of shares of such class of Voting Stock shall be either cash or the form used to acquire the largest number of shares of such class of Voting Stock previously acquired by the Interested Stockholder. The price determined in accordance with subparagraph B.2 of this Article EIGHTH shall be subject to appropriate adjustment in the event of any stock dividend, stock split, combination of shares or similar event.

(d) After such Interested Stockholder has become an Interested Stockholder and prior to the consummation of such Business Combination: (1) except as approved by a majority of the Disinterested Directors, there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on any outstanding stock having preference over the Common Stock as to dividends or liquidation; (2) there shall have been (i) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the Disinterested Directors, and (ii) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock, unless the failure to so increase such annual rate is approved by a majority of the Disinterested Directors; and (3) neither such Interested Stockholder or any of its Affiliates shall have become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Stockholder becoming an Interested Stockholder.

(e) After such Interested Stockholder has become an Interested Stockholder, such Interested Stockholder shall not have received the benefit, directly or indirectly (except proportionately as a stockholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

(f) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to

stockholders of the Corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

C. For the purposes of this Article EIGHTH:

1. A "Person" shall include an individual, a group acting in concert, a corporation, a partnership, an association, a joint venture, a pool, a joint stock company, a trust, an unincorporated organization or similar company, a syndicate or any other group formed for the purpose of acquiring, holding or disposing of securities.

2. "Interested Stockholder" shall mean any person (other than the Corporation or any holding company or Subsidiary thereof) who or which:

(a) is the beneficial owner, directly or indirectly, of more than 10% of the voting power of the outstanding Voting Stock; or

(b) is an Affiliate of the Corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then-outstanding Voting Stock; or

(c) is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by an Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

3. For purposes of this Article EIGHTH, "beneficial ownership" shall be determined in the manner provided in Section C of Article FOURTH hereof.

4. "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on the date of filing of this Certificate of Incorporation.

5. "Subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Interested Stockholder set forth in paragraph 2 of this section, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

6. "Disinterested Director" means any member of the Board of Directors who is unaffiliated with the Interested Stockholder and was a member of the Board of Directors prior to the time that the Interested Stockholder became an Interested Stockholder, and any Director who is thereafter chosen to fill any vacancy of the Board of Directors or who is elected and who, in either event, is unaffiliated with the Interested Stockholder and in connection with his or her initial assumption of office is recommended for appointment or election by a majority of Disinterested Directors then on the Board of Directors.

7. "Fair Market Value" means: (a) in the case of stock, the highest closing sales price of the stock during the 30-day period immediately preceding the date in question of a share of such stock on the National Association of Securities Dealers Automated Quotation System or any system then in use, or, if such stock is admitted to trading on a principal United States securities exchange registered under the Securities Exchange Act of 1934, Fair Market Value shall be the highest sales price reported during the 30-day period preceding the date in question, or, if no such quotations are available, the Fair Market Value on the date in question of a share of such stock as determined by the Board of Directors in good faith, in each case with respect to any class of stock, appropriately adjusted for any dividend or distribution in shares of such stock or any stock split or reclassification of outstanding shares of such stock into a greater number of shares of such stock or any combination or reclassification of outstanding shares of such stock into a smaller number of shares of such stock, and (b) in the case of

property other than cash or stock, the Fair Market Value of such property on the date in question as determined by the Board of Directors in good faith.

8. Reference to "Highest Per Share Price" shall in each case with respect to any class of stock reflect an appropriate adjustment for any dividend or distribution in shares of such stock or any stock split or reclassification of outstanding shares of such stock into a greater number of shares of such stock or any combination or reclassification of outstanding shares of such stock into a smaller number of shares of such stock.

9. In the event of any Business Combination in which the Corporation survives, the phrase "consideration other than cash to be received" as used in subparagraphs (a) and (b) of paragraph 2 of Section B of this Article EIGHTH shall include the shares of Common Stock and/or the shares of any other class of outstanding Voting Stock retained by the holders of such shares.

D. A majority of the Directors of the Corporation shall have the power and duty to determine for the purposes of this Article EIGHTH, on the basis of information known to them after reasonable inquiry (a) whether a person is an Interested Stockholder; (b) the number of shares of Voting Stock beneficially owned by any person; (c) whether a person is an Affiliate or Associate of another; and (d) whether the assets which are the subject of any Business Combination have, or the consideration to be received for the issuance or transfer of securities by the Corporation or any Subsidiary in any Business Combination has an aggregate Fair Market Value equaling or exceeding 25% of the combined Fair Market Value of the common stock of the Corporation and its Subsidiaries. A majority of the Directors shall have the further power to interpret all of the terms and provisions of this Article EIGHTH.

E. Nothing contained in this Article EIGHTH shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

F. Notwithstanding any other provisions of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Voting Stock required by law, this Certificate of Incorporation or any Preferred Stock Designation, the affirmative vote of the holders of at least 80 percent of the voting power of all of the then-outstanding shares of the Voting Stock, voting together as a single class, shall be required to alter, amend or repeal this Article EIGHTH.

NINTH: The Board of Directors of the Corporation, when evaluating any offer of another Person (as defined in Article EIGHTH hereof) to (A) make a tender or exchange offer for any equity security of the Corporation, (B) merge or consolidate the Corporation with another corporation or entity or (C) purchase or otherwise acquire all or substantially all of the properties and assets of the Corporation, may, in connection with the exercise of its judgment in determining what is in the best interest of the Corporation and its stockholders, give due consideration to all relevant factors, including, without limitation, the social and economic effect of acceptance of such offer on the Corporation's present and future customers and employees and those of its Subsidiaries (as defined in Article EIGHTH hereof); on the communities in which the Corporation and its Subsidiaries operate or are located; on the ability of the Corporation to fulfill its corporate objectives as a savings bank holding company and on the ability of its subsidiary savings bank to fulfill the objectives of a stock savings bank under applicable statutes and regulations.

TENTH:

A. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a Director or an Officer of the Corporation or is or was serving at the request of the Corporation as a Director, Officer, employee or agent of another corporation or of a partnership, joint venture, trust or other

enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a Director, Officer, employee or agent or in any other capacity while serving as a Director, Officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section C hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

B. The right to indemnification conferred in Section A of this Article TENTH shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a Director or Officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections A and B of this Article TENTH shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a Director, Officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

C. If a claim under Section A or B of this Article TENTH is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its

stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of

proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article TENTH or otherwise shall be on the Corporation.

D. The rights to indemnification and to the advancement of expenses conferred in this Article TENTH shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested Directors or otherwise.

E. The Corporation may maintain insurance, at its expense, to protect itself and any Director, Officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

F. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article TENTH with respect to the indemnification and advancement of expenses of Directors and Officers of the Corporation.

ELEVENTH: A Director of this Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except for liability (i) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the Director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of Directors, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a Director of the Corporation existing at the time of such repeal or modification.

TWELFTH: The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; provided, however, that, notwithstanding any other provision of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or

series of the stock of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least 80 percent of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of Directors (after giving effect to the provisions of Article FOURTH), voting together as a single class, shall be required to amend or repeal this Article TWELFTH, Section C of Article FOURTH, Sections C or D of Article FIFTH, Article SIXTH, Article SEVENTH, Article EIGHTH or Article TENTH.

I, THE UNDERSIGNED, being the President of this Corporation, do make, file and record this Certificate of Incorporation, do certify that the facts herein stated are true, and accordingly, have hereto set my hand this 21st day of November, 1996.

/s/ Wendell T. Breithaupt

Wendell T. Breithaupt
President and Chief Executive
Officer

ATTEST:

Robert C. Hollenbeck
Secretary

EXHIBIT C

PEOPLES BANCORP
BYLAWS

ARTICLE I - STOCKHOLDERS

Section 1. Annual Meeting.

An annual meeting of the stockholders, for the election of Directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date, and at such time as the Board of Directors shall each year fix, which date shall be within thirteen (13) months subsequent to the later of the date of incorporation or the last annual meeting of stockholders.

Section 2. Special Meetings.

Subject to the rights of the holders of any class or series of preferred stock of the Corporation, special meetings of stockholders of the Corporation may be called by the Board of Directors pursuant to a resolution adopted by a majority of the total number of Directors which the Corporation would have if there were no vacancies on the Board of Directors (hereinafter the "Whole Board").

Section 3. Notice of Meetings.

Written notice of the place, date, and time of all meetings of the stockholders shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation of the Corporation).

When a meeting is adjourned to another place, date or time, written notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, written notice of the place, date, and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 4. Quorum.

At any meeting of the stockholders, the holders of a majority of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy (after giving effect to the Article FOURTH of the Corporation's Certificate of Incorporation), shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. Where a separate vote by a class or classes is required, a majority of the shares of such class or classes present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter.

If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the shares of stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, date, or time.

If a notice of any adjourned special meeting of stockholders is sent to all stockholders entitled to vote thereat, stating that it will be held with those present constituting a quorum, then except as otherwise required by law, those present at such

adjourned meeting shall constitute a quorum, and all matters shall be determined by a majority of the votes cast at such meeting.

Section 5. Organization.

Such person as the Board of Directors may have designated or, in the absence of such a person, the Chairman of the Board of the Corporation or, in his or her absence, the Chief Executive Officer or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman appoints.

Section 6. Conduct of Business.

(a) The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

(b) At any annual meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting: (i) by or at the direction of the Board of Directors or: (ii) by any stockholder of the Corporation who is entitled to vote with respect thereto and who complies with the notice procedures set forth in this Section 6(b). For business to be properly brought before an annual meeting by a stockholder, the business must relate to a proper subject matter for stockholder action and the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered or mailed to and received at the principal executive offices of the Corporation not less than ninety (90) days prior to the date of the annual meeting; provided, however, that in the event that less than one hundred (100) days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. A stockholder's notice to the Secretary shall set forth as to each matter such stockholder proposes to bring before the annual meeting: (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting; (ii) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business; (iii) the class and number of shares of the Corporation's capital stock that are beneficially owned by such stockholder and (iv) any material interest of such stockholder in such business. Notwithstanding anything in these By-laws to the contrary, no business shall be brought before or conducted at an annual meeting except in accordance with the provisions of this Section 6(b). The Officer of the Corporation or other person presiding over the annual meeting shall, if the facts so warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 6(b) and, if he or

she should so determine, he or she shall so declare to the meeting and any such business so determined to be not properly brought before the meeting shall not be transacted.

At any special meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting by or at the direction of the Board of Directors.

(c) Only persons who are nominated in accordance with the procedures set forth in these By-laws shall be eligible for election as Directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders at which Directors are to be elected only: (i) by or at the direction of the Board of Directors or; (ii) by any stockholder of the Corporation entitled to vote for the election of Directors at the meeting who complies with the notice procedures set forth in this Section 6(c). Such nominations, other than those made by or at the direction of the Board of Directors, shall be made by timely notice in writing to

the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered or mailed to and received at the principal executive offices of the Corporation not less than ninety (90) days prior to the date of the meeting; provided, however, that in the event that less than one hundred (100) days' notice or prior disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. Such stockholder's notice shall set forth: (i) as to each person whom such stockholder proposes to nominate for election or re-election as a Director, all information relating to such person that is required to be disclosed in solicitations of proxies for the election of Directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934 (including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected); and (ii) as to the stockholder giving notice (x) the name and address, as they appear on the Corporation's books, of such stockholder and (y) the class and number of shares of the Corporation's capital stock that are beneficially owned by such stockholder. At the request of the Board of Directors any person nominated by the Board of Directors for election as a Director shall furnish to the Secretary of the Corporation that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee. No person shall be eligible for election as a Director of the Corporation unless nominated in accordance with the provisions of this Section 6(c). The Officer of the Corporation or other person presiding at the meeting shall, if the facts so warrant, determine that a nomination was not made in accordance with such provisions and, if he or she should so determine, he or she shall declare to the meeting and the defective nomination shall be disregarded.

Section 7. Proxies and Voting.

At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

All voting, including on the election of Directors but excepting where otherwise required by law or by the governing documents of the Corporation, may be by a voice vote; provided, however, that upon demand therefor by a stockholder entitled to vote or by his or her proxy, a stock vote shall be taken.

Every stock vote shall be taken by ballots, each of which shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability.

All elections shall be determined by a plurality of the votes cast, and except as otherwise required by the Certificate of Incorporation or by law, all other matters shall be determined by a majority of the votes present and cast at a properly called meeting of stockholders.

Section 8. Stock List.

A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be

open to the examination of any such stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held.

The stock list shall also be kept at the place of the meeting during the whole time thereof and shall be open to the examination of any such stockholder who is present. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

Section 9. Consent of Stockholders in Lieu of Meeting.

Subject to the rights of the holders of any class or series of preferred stock of the Corporation, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

ARTICLE II - BOARD OF DIRECTORS

Section 1. General Powers, Number and Term of Office.

The business and affairs of the Corporation shall be under the direction of its Board of Directors. The number of Directors who shall constitute the Whole Board shall be such number as the Board of Directors shall from time to time have designated by resolution. The Board of Directors shall annually elect a Chairman of the Board from among its members who shall, when present, preside at its meetings.

The Directors, other than those who may be elected by the holders of any class or series of Preferred Stock, shall be divided, with respect to the time for which they severally hold office, into three classes, with the term of office of the first class to expire at the first annual meeting of stockholders, the term of office of the second class to expire at the annual meeting of stockholders one year thereafter and the term of office of the third class to expire at the annual meeting of stockholders two years thereafter, with each Director to hold office until his or her successor shall have been duly elected and qualified. At each annual meeting of stockholders, commencing with the first annual meeting, Directors elected to succeed those Directors whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election, with each Director to hold office until his or her successor shall have been duly elected and qualified.

Section 2. Vacancies and Newly Created Directorships.

Subject to the rights of the holders of any class or series of preferred stock, and unless the Board of Directors otherwise determines, newly created Directorships resulting from any increase in the authorized number of Directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the Directors then in office, though less than a quorum, and Directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been elected expires and until such Director's successor shall have been duly elected and qualified. No decrease in the number of authorized Directors constituting the Board shall shorten the term of any incumbent Director.

Section 3. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all Directors. A notice of each regular meeting shall not be required.

Section 4. Special Meetings.

Special meetings of the Board of Directors may be called by a majority of the Directors then in office (rounded up to the

nearest whole number) or by the Chairman of the Board or by the President and Chief Executive Officer and shall be held at such place, on such date, and at such time as they or he or she shall fix. Notice of the place, date, and time of each such special meeting shall be given to each Director by whom it is not waived by mailing written notice not less than five (5) days before the meeting or by telegraphing or telexing or by facsimile transmission of the same not less than twenty-four (24) hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

Section 5. Quorum.

At any meeting of the Board of Directors, a majority of the Whole Board shall constitute a quorum for all purposes. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof.

Section 6. Participation in Meetings By Conference Telephone

Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

Section 7. Conduct of Business.

At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board may from time to time determine, and all matters shall be determined by the vote of a majority of the Directors present, except as otherwise provided herein or required by law. Action may be taken by the Board of Directors without a meeting if all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors.

Section 8. Powers.

The Board of Directors may, except as otherwise required by law, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, including, without limiting the generality of the foregoing, the unqualified power:

- (1) To declare dividends from time to time in accordance with law;
- (2) To purchase or otherwise acquire any property, rights or privileges on such terms as it shall determine;
- (3) To authorize the creation, making and issuance, in such form as it may determine, of written obligations of every kind, negotiable or non-negotiable, secured or unsecured, and to do all things necessary in connection therewith;
- (4) To remove any Officer of the Corporation with or without cause, and from time to time to devolve the powers and duties of any Officer upon any other person for the time being;
- (5) To confer upon any Officer of the Corporation the power to appoint, remove and suspend subordinate Officers, employees and agents;
- (6) To adopt from time to time such stock, option, stock purchase, bonus or other compensation plans for Directors, Officers, employees and agents of the Corporation and its subsidiaries as it may determine;
- (7) To adopt from time to time such insurance, retirement, and other benefit plans for Directors, Officers, employees and agents of the Corporation and its subsidiaries as it may determine; and
- (8) To adopt from time to time regulations, not inconsistent with these By-laws, for the management of the Corporation's business and affairs.

Section 9. Compensation of Directors.

Directors, as such, may receive, pursuant to resolution of the Board of Directors, fixed fees and other compensation for their services as Directors, including, without limitation, their services as members of committees of the Board of Directors.

ARTICLE III - COMMITTEES

Section 1. Committee of the Board of Directors.

The Board of Directors, by a vote of a majority of the Whole Board, may from time to time designate committees of the Board, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board and shall, for those committees and any others provided for herein, elect a Director or Directors to serve as the member or members, designating, if it desires, other Directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. Any committee so designated may exercise the power and authority of the Board of Directors to declare a dividend, to authorize the issuance of stock or to adopt a certificate of ownership and merger pursuant to Section 253 of the Delaware General Corporation Law if the resolution which designates the committee or a supplemental resolution of the Board of Directors shall so provide. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Section 2. Conduct of Business.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; a majority of the members shall constitute a quorum, and all matters shall be determined by a majority vote of the members present, subject to a quorum being present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing, and the writing or writings are filled with the minutes of the proceedings of such committee.

Section 3. Nominating Committee.

The Board of Directors shall appoint a Nominating Committee of the Board, consisting of not less than three (3) members, one of which shall be the Chairman of the Board. The Nominating Committee shall have authority (a) to review any nominations for election to the Board of Directors made by a stockholder of the Corporation pursuant to Section 6(c) (ii) of Article I of these By-laws in order to determine compliance with such By-law provision and (b) to recommend to the Whole Board nominees for election to the Board of Directors to replace those Directors whose terms expire at the annual meeting of stockholders next ensuing.

ARTICLE IV - OFFICERS

Section 1. Generally.

(a) The Board of Directors as soon as may be practicable after the annual meeting of stockholders shall choose a Chairman of the Board, a President and Chief Executive Officer, one or more Vice Presidents, and a Secretary and from time to time may choose such other Officers as it may deem proper. The Chairman of the Board shall be chosen from among the Directors. Any number of offices may be held by the same person.

(b) The term of office of all Officers shall be until the next annual election of Officers and until their respective successors are chosen, but any Officer may be removed from office at any time by the affirmative vote of two-thirds of the authorized number of Directors then constituting the Board of Directors, or removed by an Officer pursuant to authority delegated by the Board to such Officer in accordance with Section 8(5) of Article II

(c) All Officers chosen by the Board of Directors shall each have such powers and duties as generally pertain to

their respective offices, subject to the specific provisions of this Article IV. Such Officers shall also have such powers and duties as from time to time may be conferred by the Board of Directors or by any committee thereof.

Section 2. Chairman of the Board.

The Chairman of the Board shall, subject to the provisions of these By-laws and to the direction of the Board of Directors, serve in a general executive capacity and, when present, shall preside at all meetings of the Board of Directors. The Chairman of the Board shall perform all duties and have all powers which are commonly incident to the office of Chairman of the Board or which are delegated to him or her by the Board of Directors. He or she shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized.

Section 3. President and Chief Executive Officer.

The President and Chief Executive Officer (the "President") shall have general responsibility for the management and control of the business and affairs of the Corporation and shall perform all duties and have all powers which are commonly incident to the offices of President and Chief Executive Officer or which are delegated to him or her by the Board of Directors. Subject to the direction of the Board of Directors, the President shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized and shall have general supervision of all of the other Officers (other than the Chairman of the Board), employees and agents of the Corporation.

Section 4. Vice President.

The Vice President or Vice Presidents shall perform the duties of the President in his or her absence or during his disability to act. In addition, the Vice Presidents shall perform the duties and exercise the powers usually incident to their respective offices and/or such other duties and powers as may be properly assigned to them by the Board of Directors, the Chairman of the Board or the President. A Vice President or Vice Presidents may be designated as Executive Vice President or Senior Vice President

or any such designation as the Board of Directors, Chairman of the Board or President deems appropriate.

Section 5. Secretary.

The Secretary or an Assistant Secretary shall issue notices of meetings, shall keep their minutes, shall have charge of the seal and the corporate books, shall perform such other duties and exercise such other powers as are usually incident to such offices and/or such other duties and powers as are properly assigned thereto by the Board of Directors, the Chairman of the Board or the President.

Section 6. Assistant Secretaries and Other Officers.

The Board of Directors may appoint one or more Assistant Secretaries and such other Officers who shall have such powers and shall perform such duties as are provided in these By-laws or as may be assigned to them by the Board of Directors, the Chairman of the Board or the President.

Section 7. Action with Respect to Securities of Other Corporations.

Unless otherwise directed by the Board of Directors, the President or any Officer of the Corporation authorized by the President shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which the Corporation may hold securities and otherwise to exercise any and all rights and powers which the Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE V - STOCK

Section 1. Certificates of Stock.

Each stockholder shall be entitled to a certificate signed by, or in the name of the Corporation by, the Chairman of the Board or the President, and by the Secretary or an Assistant Secretary, or any Treasurer or Assistant Treasurer, certifying the number of shares owned by him or her. Any or all of the signatures on the certificate may be by facsimile.

Section 2. Transfers of Stock.

Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the stock of the Corporation. Except where a certificate is issued in accordance with Section 4 of Article V of these By-laws, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefor.

Section 3. Record Date.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the

purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 4. Lost, Stolen or Destroyed Certificates.

In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

Section 5. Regulations.

The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI - NOTICES

Section 1. Notices.

Except as otherwise specifically provided herein or required by law, all notices required to be given to any stockholder, Director, Officer, employee or agent shall be in writing and may in every instance be effectively given by hand delivery to the recipient thereof, by depositing such notice in the mails, postage paid, or by sending such notice by prepaid telegram or mailgram or other courier. Any such notice shall be addressed to such stockholder, Director, Officer, employee or agent at his or her last known address as the same appears on the books of the Corporation. The time when such notice is received, if hand delivered, or dispatched, if delivered through the mails or by telegram or mailgram or other courier, shall be the time of the

giving of the notice.

Section 2. Waivers.

A written waiver of any notice, signed by a stockholder, Director, Officer, employee or agent, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such stockholder, Director, Officer, employee or agent. Neither the business nor the purpose of any meeting need be specified in such a waiver.

ARTICLE VII - MISCELLANEOUS

Section 1. Facsimile Signatures.

In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these By-laws, facsimile signatures of any Officer or Officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 2. Corporate Seal.

The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Comptroller or by an Assistant Secretary or an assistant to the Comptroller.

Section 3. Reliance upon Books, Reports and Records.

Each Director, each member of any committee designated by the Board of Directors, and each Officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its Officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such Director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 4. Fiscal Year.

The fiscal year of the Corporation shall be as fixed by the Board of Directors.

Section 5. Time Periods.

In applying any provision of these By-laws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE VIII - AMENDMENT

The Board of Directors may by a two-thirds vote amend, alter or repeal these By-laws at any meeting of the Board, provided notice of the proposed change is given not less than two days prior to the meeting. The stockholders shall also have power to amend, alter or repeal these By-laws at any meeting of stockholders, provided notice of the proposed change was given in the Notice of the Meeting; provided, however, that, notwithstanding any other provisions of these By-laws or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Voting Stock Designation or these By-laws, the affirmative votes of the holders of at least 80% of the voting power of all the then-outstanding shares of the Voting Stock, voting together as a single class, shall be required to alter, amend or repeal any provisions of these By-laws.

PART II

Item 20. Indemnification of Directors and Officers

Article TENTH of the Registrant's Certificate of Incorporation provides for the following indemnification for Directors and Officers:

A. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a Director or an Officer of the Corporation or is or was serving at the request of the Corporation as a Director, Officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a Director, Officer, employee or agent or in any other capacity while serving as a Director, Officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section C hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

B. The right to indemnification conferred in Section A of this Article TENTH shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a Director or Officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections A and B of this Article TENTH shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a Director, Officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

C. If a claim under Section A or B of this Article TENTH is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an

advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General

Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article TENTH or otherwise shall be on the Corporation.

D. The rights to indemnification and to the advancement of expenses conferred in this Article TENTH shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested Directors or otherwise.

E. The Corporation may maintain insurance, at its expense, to protect itself and any Director, Officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

F. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article TENTH with respect to the indemnification and advancement of expenses of Directors and Officers of the Corporation.

Item 21. Exhibits and Financial Statement Schedules

The exhibits and financial statements filed as part of this Registration Statement are as follows:

(a) Exhibits

The Index of Exhibits immediately precedes the attached Exhibits.

(b) Financial Statements

Not applicable.

(c) Report or Appraisal

Not applicable.

Item 22. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement; (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933; (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or most recent post effective amendment thereof) which individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such

securities at that time shall be deemed to be a bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b)(1) The undersigned registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(2) The registrant undertakes that every prospectus (i) that is filed pursuant to paragraph (1) immediately preceding, or (ii) that purports to meet the requirements of section 10(a)(3) of the Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of, and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Lawrenceville, New Jersey, on March 6, 1997.

PEOPLES BANCORP, INC.

By: /s/ Wendell T. Breithaupt

Wendell T. Breithaupt
President and Chief Executive
Officer

POWER OF ATTORNEY

We, the undersigned Directors of Peoples Bancorp, Inc. severally constitute and appoint Wendell T. Breithaupt with full power of substitution, our true and lawful attorney and agent, to do any and all things and acts in our names in the capacities indicated below which said Wendell T. Breithaupt may deem necessary or advisable to enable Peoples Bancorp, Inc. to comply with the Securities Act of 1933, and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with the Registration Statement on Form S-4 relating to the offering of Peoples Bancorp, Inc. Common Stock, including specifically, but not limited to, power and authority to sign for us or any of us in our names in the capacities indicated below the Registration Statement and any and all amendments (including post-effective amendments) thereto; and we hereby ratify and confirm all that said Wendell T. Breithaupt shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

| | |
|--|---|
| By: /s/ Wendell T. Breithaupt ----- Wendell T. Breithaupt, President and Chief Executive Office (Principal Executive Officer) | By: /s/ Robert Russo ----- Robert Russo, Vice President and Treasurer (Chief Financial and |
|--|---|

Accounting Officer)

Date: March 6, 1997
By: /s/ John B. Sill, Jr.

John B. Sill, Jr., Chairman

Date: March 6, 1997
By: /s/ Peter S. Longstreth

Peter S. Longstreth,
Director

Date: March 6, 1997
By: /s/ George A. Pruitt

George A. Pruitt, Director

Date: March 6, 1997
By: /s/ George W. Reinhard

George W. Reinhard,
Director

Date: March 6, 1997
By: /s/ Charles E. Stokes

Charles E. Stokes Director

Date: March 6, 1997
By: /s/ Raymond E. Trainer

Raymond E. Trainer,
Director

Date: March 6, 1997
By: /s/ Miles W. Truesdell, Jr.

Miles W. Truesdell, Jr., Director

Date: March 6, 1997

Date: March 6, 1997

EXHIBIT INDEX

<TABLE>
<CAPTION>

| Exhibit Number ----- | Description of Document ----- |
|----------------------------|--|
| <S> 2 | <C> Agreement and Plan of Reorganization (Incorporated herein by reference to Exhibit A of the Proxy Statement/Prospectus) |
| 3.1 | Certificate of Incorporation of Peoples Bancorp, Inc. (Incorporated herein by reference to Exhibit B of the Proxy Statement/Prospectus) |
| 3.2 | Bylaws of Peoples Bancorp, Inc. (Incorporated herein by reference to Exhibit C of the Proxy Statement/Prospectus) |
| 4 | Form of Common Stock Certificate of Peoples Bancorp, Inc.* |
| 5.1 | Form of Opinion of Luse Lehman Gorman Pomerenk & Schick, A Professional Corporation regarding legality of securities* |
| 5.2 | Form of Tax Opinion of Luse Lehman Gorman Pomerenk & Schick, A Professional Corporation* |
| 10.1 | Supplemental Executive Retirement Plan* |
| 10.2 | Employment Agreement between the Bank and Wendell T. Breithaupt* |
| 10.3 | Trenton Savings Bank, FSB and Peoples Bancorp, M.H.C. 1996 Stock Option Plan* |
| 10.4 | Trenton Savings Bank, FSB and Peoples Bancorp, M.H.C. 1996 Recognition and Retention Plan for Employees and Outside Directors* |
| 21 | Subsidiaries of The Registrant* |
| 24.1 | Power of Attorney (Incorporated herein by reference to the signature page of this registration statement) |

24.2 Consent of Luse Lehman Gorman Pomerenk &
Schick, A Professional Corporation (contained
in its opinion filed as Exhibit 5.1)*

99 Form of proxy to be mailed to shareholders of
Trenton Savings Bank, FSB

* To be filed by amendment

</TABLE>

PAGE

REVOCABLE PROXY

TRENTON SAVINGS BANK
 ANNUAL MEETING OF STOCKHOLDERS
 April 25, 1997

The undersigned hereby appoints the official proxy committee consisting of the entire Board of Directors with full powers of substitution to act as attorneys and proxies for the undersigned to vote all shares of Common Stock of the Bank which the undersigned is entitled to vote at the Annual Meeting of Stockholders ("Meeting") to be held at the Trenton Country Club, Sullivan Way, West Trenton, New Jersey, on April 25, 1997 at 10:00 a.m. New Jersey time. The official proxy committee is authorized to cast all votes to which the undersigned is entitled as follows:

<TABLE>
 <CAPTION>

| | FOR | VOTE WITHHELD | |
|--|-----|------------------|---------|
| <S> | <C> | <C> | <C> |
| 1. The election as director of the nominee listed below. | | | |
| John B. Sill, Jr. | / / | / / | |
| | FOR | AGAINST | ABSTAIN |
| 2. The approval of an Agreement and Plan of Reorganization (the "Plan of Reorganization") providing for the establishment of Peoples Bancorp, Inc. (the "Stock Holding Company") as a stock holding company parent of the Bank which stock holding company will be majority owned by Peoples Bancorp, MHC (the "Mutual Holding Company"), the Bank's mutual holding company. Pursuant to the Plan of Reorganization: (i) the Bank will become a wholly owned subsidiary of the Stock Holding Company which will become a majority owned subsidiary of the Mutual Holding Company, and (ii) each outstanding share of common stock, par value \$.10 per share, of the Bank will be converted into one share of common stock, par value \$.10 per share, of the Stock Holding Company. | / / | / / | / / |
| | FOR | AGAINST | ABSTAIN |
| 3. The ratification of the appoint of KPMG Peat | / / | / / | / / |

jointly, each holder should sign.

Please complete and date this proxy and return it promptly
in the enclosed postage-prepared envelope.
