

SECURITIES AND EXCHANGE COMMISSION

FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2006-01-05** | Period of Report: **2006-01-03**

SEC Accession No. **0001065407-06-000017**

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ISSUER

WILLOW GROVE BANCORP INC/NEW

CIK: **1163428** | IRS No.: **800034942** | State of Incorporation: **PA** | Fiscal Year End: **0630**
SIC: **6035** Savings institution, federally chartered

Business Address
*WELSH & NORRISTWN
ROADS
PENNSYLVANIA PA 19002
2156465405*

REPORTING OWNER

KELLY MATTHEW D

CIK: **1235878** | State of Incorporation: **PA** | Fiscal Year End: **1231**
Type: **4** | Act: **34** | File No.: **000-49706** | Film No.: **06514150**

Mailing Address
*100 E. LANCASTER AVENUE
DOWNTOWN PA 19335*

Business Address
6102699700

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
 Expires: 02/28/2011
 Estimated average burden
 hours per response 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person KELLY MATTHEW D			2. Issuer Name and Ticker or Trading Symbol WILLOW GROVE BANCORP INC/ NEW [WGBC]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below)		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 01/03/2006			(3)		
C/O WILLOW GROVE BANK, WELSH AND NORRISTOWN ROADS			4. If Amendment, Date Original Filed(Month/Day/Year)			6. Individual or Joint/Group Filing (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person		
(Street)								
MAPLE GLEN, PA 19002								
(City)	(State)	(Zip)						

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock								4,000	D	

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Stock Option (Right to Buy)	\$15.22	01/03/2006		A		500		(1)	01/03/2016	Common Stock	500	\$ 0	500	D	
Stock Option	\$8.96							(2)	03/18/2012	Common Stock	8,580		8,580	D	

(Right to Buy)														
Stock Option (Right to Buy)	\$9.25						(2)	06/19/2012	Common Stock	8,580		8,580	D	

Explanation of Responses:

1. The options vest at a rate of 20% per year beginning on the first anniversary of the date of grant.
2. The option, which originally represented an option to acquire shares of Chester Valley Bancorp Inc. common stock, became fully exercisable as a result of the merger on August 31, 2005.

Remarks:

(3) - Executive Vice President - Chief Wealth Management Officer, Willow Grove Bank (Issuer subsidiary)

Signatures

/s/ Matthew D. Kelly by Mary Rossi, P.O.A.

** Signature of Reporting Person

01/05/2006

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.