

# SECURITIES AND EXCHANGE COMMISSION

## FORM DEF 14A

Definitive proxy statements

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### FILER

#### JSB FINANCIAL INC

CIK: **861499** | IRS No.: **113000874** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **DEF 14A** | Act: **34** | File No.: **001-13157** | Film No.: **99573880**  
SIC: **6035** Savings institution, federally chartered

Mailing Address  
303 MERRICK RD  
303 MERRICK RD  
LYNBROOK NY 11563

Business Address  
303 MERRICK RD  
LYNBROOK NY 11563  
5168877000

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934  
(Amendment No. \_\_\_\_)

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

Check the appropriate box:  
 Preliminary Proxy Statement  
 Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  Definitive Proxy Statement  Definitive Additional Materials  
 Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

JSB Financial, Inc.

-----  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):  
 No fee required  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- 1) Title of each class of securities to which transactions applies: .....
- 2) Aggregate number of securities to which transaction applies: .....
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined): .....
- 4) Proposed maximum aggregate value of transaction: .....
- 5) Total fee paid: .....

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

- 1) Amount Previously Paid: .....
- 2) Form, Schedule or Registration Statement No.: .....
- 3) Filing Party: .....
- 4) Date Filed: .....

JSB Financial, Inc. Logo

303 Merrick Road  
Lynbrook, New York 11563-2574  
(516) 887-7000

March 30, 1999

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders (the "Annual Meeting") of JSB Financial, Inc. (the "Company"), the holding company for Jamaica Savings Bank FSB, which will be held on May 11, 1999 at 10:00 a.m., at the Long Island Marriott Hotel and Conference Center, 101 James Doolittle Boulevard, Uniondale, New York 11553. (For directions see inside back cover.)

The attached Notice of the Annual Meeting and the Proxy Statement

describe the formal business to be transacted at the Annual Meeting. Officers of JSB Financial, Inc. as well as a representative of KPMG LLP, the Company's independent auditors, will be present at the Annual Meeting to respond to any questions that our stockholders may have.

The two matters to be considered at the Annual Meeting are the election of three nominees for Director and the ratification of auditors. The Board of Directors of JSB Financial, Inc. has determined that the matters to be considered at the Annual Meeting are in the best interests of the Company and our stockholders. For the reasons set forth in the Proxy Statement, the Board unanimously recommends a vote "FOR" each of the nominees and for the ratification of auditors.

YOUR VOTE IS IMPORTANT. You are urged to vote by one of the following methods: (i) signing, dating and promptly returning the enclosed proxy in the postage-paid envelope provided, or (ii) by using a toll-free telephone number as described on the enclosed proxy card. If you attend the Annual Meeting, you may vote in person even if you have already mailed in your proxy card or used the telephone voting system.

On behalf of the Board of Directors and our employees, I wish to thank you for your continued support. We appreciate your interest.

Sincerely yours,

PARK T. ADIKES  
Chairman of the Board  
and Chief Executive Officer

JSB FINANCIAL, INC.  
303 Merrick Road  
Lynbrook, New York 11563-2574  
(516) 887-7000  
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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held on May 11, 1999  
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NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the "Annual Meeting") of JSB Financial, Inc. ("JSB Financial" or the "Company") will be held at the Long Island Marriott Hotel and Conference Center, 101 James Doolittle Boulevard, Uniondale, New York 11553, on May 11, 1999, at 10:00 a.m.

The Annual Meeting is for the purpose of considering and voting upon the following matters:

1. Election of three Directors for terms of three years each;
2. Ratification of the appointment of KPMG LLP as independent auditors of the Company for the year ending December 31, 1999;
3. Such other matters as may properly come before the Annual Meeting or any adjournment thereof.

Pursuant to the Bylaws of the Company, the Board of Directors has fixed March 15, 1999, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and at any adjournments thereof. Only record holders of the common stock of the Company as of the close of business on that date will be entitled to vote at the Annual Meeting or any adjournments thereof. A list of stockholders entitled to vote at the Annual Meeting will be available at Jamaica Savings Bank FSB, 303 Merrick Road, Lynbrook, New York, for a period of ten days prior to the Annual Meeting and also will be available for inspection at the Annual Meeting.

By Order of the Board of Directors

JOANNE CORRIGAN  
Secretary

Lynbrook, New York  
March 30, 1999

JSB FINANCIAL, INC.  
303 Merrick Road  
Lynbrook, New York 11563-2574  
(516) 887-7000  
-----

PROXY STATEMENT  
ANNUAL MEETING OF STOCKHOLDERS  
May 11, 1999  
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Solicitation and Voting of Proxy

This Proxy Statement ("Proxy Statement") is being furnished to stockholders of JSB Financial, Inc. ("JSB Financial" or the "Company") in connection with the solicitation by the Board of Directors of proxies to be used at the Annual Meeting of Stockholders (the "Annual Meeting") to be held at the Long Island Marriott Hotel and Conference Center, 101 James Doolittle Boulevard, Uniondale, New York 11553, on May 11, 1999, at 10:00 a.m., and at any adjournments thereof. The 1998 Annual Report to Stockholders, including the financial statements for the year ended December 31, 1998, accompanies this Proxy Statement.

This Proxy Statement and the accompanying proxy card are initially being mailed to stockholders on or about March 30, 1999.

Regardless of the number of shares of common stock of JSB Financial (the "Common Stock") owned, it is important that stockholders be represented by proxy or present in person at the Annual Meeting. Stockholders are requested to vote by one of the following methods: (i) signing, dating and promptly returning the enclosed proxy in the postage-paid envelope provided, or (ii) by using a toll-free telephone number as described on the enclosed proxy card. Stockholders are urged to indicate their vote in the spaces provided on the proxy card or by voting by telephone. Proxies solicited by the Board of Directors of JSB Financial will be voted in accordance with the directions given therein. Where no instructions are indicated, proxies will be voted "FOR" the election of each of the nominees for Director named in this Proxy Statement and "FOR" the ratification of the appointment of KPMG LLP as independent auditors of the Company for the year ending December 31, 1999.

The Board of Directors knows of no additional matters that will be presented for consideration at the Annual Meeting. Execution of a proxy or voting by telephone, however, confers on the designated proxyholders discretionary authority to vote the shares in accordance with their best judgment on such other business, if any, that may properly come before the Annual Meeting or any adjournments thereof.

Stockholders can vote their shares by calling the toll-free number on the proxy card or by mailing their signed proxy card. The automated telephone voting system is designed to authenticate Stockholders by use of a personal identification number. The procedure allows Stockholders to vote their shares and to confirm that their instructions have been properly recorded.

A proxy may be revoked at any time prior to its exercise by the filing of written notice of revocation with the Secretary of the Company, by delivering to the Company a duly executed proxy bearing a later date, or by attending the Annual Meeting, filing a notice of revocation with the Secretary and voting in person. However, if you are a stockholder whose shares are not registered in your own name, you will need additional documentation from your recordholder to vote personally at the Annual Meeting.

The cost of solicitation of proxies will be borne by JSB Financial. Proxies may be solicited personally or by telephone or telegraph by Directors, officers and employees of the Company or Jamaica Savings Bank FSB (the "Bank"), without additional compensation therefor. JSB Financial will also request persons, firms and corporations holding shares in their names, or in the name of their nominees, which are beneficially owned by others, to send proxy material to and obtain proxies from such beneficial owners, and will reimburse such holders for their reasonable expenses in doing so. In addition to the solicitation of proxies

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by mail, two companies have been retained to assist the Company in soliciting proxies for the Annual Meeting: (i) Morrow & Co., Inc., a proxy solicitation firm, will be paid a fee of \$4,500, plus out-of-pocket expenses and (ii) ChaseMellon Shareholder Services, the Company's transfer agent, will be paid a fee of \$750 for providing the automated telephone voting system, plus out of pocket expenses.

Voting Securities

The securities which may be voted at the Annual Meeting consist of

shares of the Common Stock, with each share entitling its owner to one vote on all matters to be voted on at the Annual Meeting except as described below. The close of business on March 15, 1999 has been fixed by the Board of Directors as the record date (the "Record Date") for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and any adjournments thereof. The total number of shares of Common Stock outstanding on the Record Date was 9,288,963 shares.

Record holders of Common Stock who beneficially own in excess of 10% of the outstanding shares of Common Stock (the "Limit") are not entitled to vote any shares held in excess of the Limit, as determined in accordance with the Company's Certificate of Incorporation. The presence, in person or by proxy, of at least a majority of the total number of shares of Common Stock, entitled to vote (after subtracting any shares held in excess of the Limit pursuant to the provisions of Article Fourth of the Company's Certificate of Incorporation) is necessary to constitute a quorum at the Annual Meeting. In the event there are not sufficient votes for a quorum at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit the further solicitation of proxies.

As to Proposal 1, the election of Directors, a stockholder may: (i) vote "FOR" the election of the nominees proposed by the Board; or (ii) "VOTE WITHHELD" for one or more of the nominees being proposed. Under Delaware law and the Company's Bylaws, Directors are elected by a plurality of votes cast, without regard to either (i) broker non-votes, or (ii) proxies marked "VOTE WITHHELD".

As to Proposal 2, the ratification of independent auditors and concerning all other matters that may properly come before the Annual Meeting, a stockholder may: (i) vote "FOR" the item; (ii) vote "AGAINST" the item; or (iii) "ABSTAIN" from voting on such item. Under the Company's Bylaws, unless otherwise required by law, all matters, other than the election of Directors, shall be determined by a majority of the votes cast, without regard to either (a) broker non-votes, or (b) proxies marked "ABSTAIN".

Proxies solicited hereby will be returned to the proxy solicitors or the Company's transfer agent, and will be tabulated by inspectors of election, designated by the Board of Directors, who will not be employees or Directors of the Company or any of its affiliates. After the Annual Meeting, the proxies will be returned to the Company for safekeeping.

Security Ownership of Certain Beneficial Owners

The following table sets forth certain information as to those persons believed by management to be beneficial owners of more than 5% of the Company's outstanding shares of Common Stock on March 4, 1999. Persons and groups owning in excess of 5% of the Company's Common Stock are required to file certain reports regarding such ownership with the Company and with the Securities and Exchange Commission ("SEC"), in accordance with the Securities Exchange Act of 1934 (the "Exchange Act"). Other than listed below, the Company is not aware of any person or group that owned more than 5% of the Company's Common Stock as of March 4, 1999.

<TABLE>

Title of Class -----	Name and Address of Beneficial Owner -----	Amount and Nature of Beneficial Ownership -----	Percent of Class (1) -----
<S> Common Stock.....	<C> Jamaica Savings Bank FSB Employee Stock Ownership Plan and Trust ("ESOP")  C/O Jamaica Savings Bank FSB 303 Merrick Road Lynbrook, New York 11563	<C> 901,351 (2)	<C> 9.7%

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<FN>  
(1) The total number of shares of Common Stock outstanding on March 4, 1999 was 9,301,435 shares.

(2) An unrelated corporate trustee, Marine Midland Bank, has been appointed for the ESOP. The ESOP trustee, subject to its fiduciary duty, must vote all allocated shares held in the ESOP in accordance with the instructions of the participating employees. As of March 4, 1999, 891,480 shares have been allocated to participants' accounts. Under the ESOP, unallocated shares held in the suspense account will be voted in a manner calculated to most accurately reflect

the instructions it has received from participants regarding the allocated stock, so long as such vote is in accordance with the provisions of the Employee Retirement Income Security Act of 1974, as amended.

</FN>  
</TABLE>

PROPOSALS TO BE VOTED ON AT THE ANNUAL MEETING

PROPOSAL 1. ELECTION OF DIRECTORS

The number of Directors of JSB Financial is currently eleven (11). Mr. Paul R. Screvane will not seek reelection to the Board on the expiration of his term at the 1999 Annual Meeting, which will reduce the number of Directors of JSB Financial after the Annual Meeting to ten (10). All members of the Board of Directors of JSB Financial also serve as Directors of the Bank. Directors are elected for staggered terms of three years each, with a term of office of only one class of Directors expiring in each year. Directors serve until their successors are elected and qualified. No person being nominated as a Director is being proposed for election pursuant to any agreement or understanding between any person and JSB Financial, other than as described under "Executive Compensation - Employment Agreements".

The three nominees proposed for election at the Annual Meeting are Messrs. Joseph C. Cantwell, James E. Gibbons, Jr. and Edward P. Henson, who have been nominated for a three year term which will expire at the Annual Meeting of stockholders in the year 2002. All three of the nominees named are also presently Directors of the Bank. It is intended that the shares represented by the enclosed proxy, if executed and returned, or voted through the telephone voting system, will be voted "FOR" the election of all three nominees, unless otherwise indicated by a "VOTE WITHHELD". In the event that any such nominee is unable or declines to serve for any reason, it is intended that proxies will be voted "FOR" the election of the balance of those nominees named and "FOR" such other persons as shall be designated by the Board of Directors. The Board of Directors has no reason to believe that any of the persons named will be unable or unwilling to serve.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR"  
THE ELECTION OF ALL NOMINEES NAMED IN THE PROXY STATEMENT

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Information With Respect to Nominees and Continuing Directors

The following table sets forth the names of nominees and continuing Directors, their ages, a brief description of their recent business experience, including occupations and employment, certain directorships held by each and the year in which each became a Director of the Company.

<TABLE>

Name and Principal Occupation at Present and for the Past Five Years Directorships	Director Since	Expiration of Current Term	Age at 12/31/98
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<CAPTION>

Nominees:

<S>	<C>	<C>	<C>
Joseph C. Cantwell	1996	1999	68

Mr. Cantwell has been a Director of the Company and the Bank since 1996. He retired as Vice President of Bankers Trust Company in 1988. Mr. Cantwell is currently a consultant to a number of firms in the financial services industry.

James E. Gibbons, Jr.*	1990	1999	81
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Mr. Gibbons is a Director of the Company and has been a Director of the Bank since 1963. He is President of Sackman-Gibbons Associates, a real estate consulting firm in East Meadow, New York.

Edward P. Henson	1990	1999	59
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Mr. Henson is President and a Director of the Company and the Bank and has served in both these capacities since 1990. Mr. Henson served as the Bank's Executive Vice President from 1987 to 1990.

Continuing Directors:

Park T. Adikes	1990	2001	67
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Mr. Adikes is Chairman of the Board and Chief Executive Officer of the Company and the Bank. He has been a Director of the Bank since 1964 and Chairman of the Bank since 1975. Mr. Adikes joined

the Bank in 1954 and became the Chief Executive Officer of the Bank in 1970.

Richard M. Cummins	1998	2001	61
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Mr. Cummins is a Director of the Company and the Bank. In September 1997, he retired as a Partner of Coopers & Lybrand LLP, and was named President of Coopers and Lybrand Financial Advisors LLC, a position he held until June 30, 1998, when he became a consultant for its successor firm PricewaterhouseCoopers LLP. Mr. Cummins serves on the boards of The New York Mets, Nicklaus Golf Equipment Co. and Thomson Industries and is Chairman of the U.S. Luge Foundation. Mr. Cummins is a member of the Bar in New York and Arizona and a Certified Public Accountant.

<FN>  
 \* James E. Gibbons, Jr. is the father of Cynthia Gibbons, both of whom are Directors of the Company.  
 </FN>  
 </TABLE>

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<TABLE>

Name and Principal Occupation at Present and for the Past Five Years Directorships	Director Since	Expiration of Current Term	Age at 12/31/98
--	----------------	----------------------------	-----------------

-----  
 <CAPTION>

<b>&lt;S&gt;</b>	<b>&lt;C&gt;</b>	<b>&lt;C&gt;</b>	<b>&lt;C&gt;</b>
Howard J. Dirkes, Jr.	1990	2000	67

Mr. Dirkes is a Director of the Company and has been a Director of the Bank since 1972. He is the President of Lo Temp Sales Corporation, an importer and marketing distributor of commercial refrigeration equipment, a position he has held since 1956.

Cynthia Gibbons	1997	2000	42
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Ms. Gibbons is a Director of the Company and the Bank. She is a Vice President of Koepfel Tener Real Estate Services, Inc., a firm specializing in real estate consulting, appraisal and due diligence services. Prior to Ms. Gibbon's present position, she was an Appraisal Associate for Chemical Bank. Ms. Gibbons holds a MBA degree, a MAI designation from the Appraisal Institute and a CRE designation from the Counselors of Real Estate.

Alfred F. Kelly	1990	2000	68
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Mr. Kelly is a Director of the Company and has been a Director of the Bank since 1971. He retired as President of Canada Life Insurance Company of New York in 1992, where he continues as a director.

Richard W. Meyer	1990	2001	79
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Mr. Meyer is a Director of the Company and has been a Director of the Bank since 1963. He retired in 1984 as a Vice President of Morgan Guaranty Trust Company of New York.

Arnold B. Pritcher	1990	2001	73
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Mr. Pritcher is a Director of the Company and has been a Director of the Bank since 1971. He is President of International Gem Corporation, a position he has held since 1950.

</TABLE>

Meetings of the Board and Committees of the Board

The Board of Directors of the Company meets monthly and may have additional special meetings upon the request of one third of the Directors or the Chairman. During 1998, the Board of Directors of the Company held sixteen meetings. The Board of Directors of the Company maintains various committees either at the Bank or Company level, including, but not limited to, the Executive Committee, Audit Committee, Nominating Committee and Compensation Committee, which are discussed below. All nominees and continuing Directors of the Company attended more than 75% of the aggregate of the total number of Board meetings during 1998.

Executive Committee - The Executive Committee, comprised of Directors J. Gibbons, Henson, Kelly, Meyer and Screvane, meets as needed and is authorized to act for the Board between regular meetings with most powers of the Board. The Executive Committee did not meet in 1998.

Audit Committee - The Audit Committee, comprised of Directors Kelly (Chairman), Cantwell, Cummins, Dirkes and C. Gibbons, meets on call and is responsible for reviewing and reporting to the Board on the Company's financial condition and reviewing the audit reports from its internal and independent auditors. The Audit Committee held five meetings during 1998.

Nominating Committee - The Nominating Committee for the 1999 Annual Meeting, comprised of Directors Adikes, Kelly and Meyer, reviews any nominations to the Board of Directors made by stockholders of the Company and recommends to the Board of Directors, nominees for election to the Board. The Company's Bylaws

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also provide for stockholder nominations of Directors and require such nominations to be made pursuant to timely written notice to the Secretary of the Company. Such notice must contain all information relating to the nominee required to be disclosed by the Company's Bylaws and by SEC disclosure requirements. See "Additional Information - Notice of Business to be Conducted at the Annual Meeting". The Nominating Committee met once for the nominations discussed herein, for this Annual Meeting.

Compensation Committee - The Compensation Committee was comprised of all nine of the Company's outside Directors for 1998, including, Directors; J. Gibbons (Chairman), Cantwell, Cummins, Dirkes, C. Gibbons, Kelly, Meyer, Pritcher and Screvane, who have never been employed by the Company or the Bank. The Compensation Committee presents to the Board for ratification, the compensation of the Company's Chief Executive Officer, and approves the compensation paid to other senior executives. The Compensation Committee met once in 1998. See "Report of the Compensation Committee on Executive Compensation".

PROPOSAL 2. RATIFICATION OF INDEPENDENT AUDITORS

The Company's independent auditors for the year ended December 31, 1998, were KPMG LLP. The Company's Board of Directors has reappointed KPMG LLP to continue as independent auditors for JSB Financial for the year ending December 31, 1999, and is requesting stockholder ratification for such appointment. Representatives of KPMG LLP are expected to attend the Annual Meeting. They will be given an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from stockholders present at the Annual Meeting.

Unless otherwise indicated, the shares represented by the enclosed Proxy will be voted "FOR" ratification of KPMG LLP as the independent auditors of the Company.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR"  
RATIFICATION OF THE APPOINTMENT OF KPMG LLP  
AS THE INDEPENDENT AUDITORS OF THE COMPANY

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STOCK OWNERSHIP OF MANAGEMENT

The following table sets forth information as of March 4, 1999, as to shares of Common Stock beneficially owned by Directors, nominees named under "Election of Directors" and "Named Executive Officers" (as defined on page 11, herein) individually and by Executive Officers and Directors as a group. Ownership information is based upon information furnished by the respective individuals.

<TABLE>

Name ----	Shares of Common Stock Beneficially Owned (1)	Percent of Class (2)
-----	-----	-----
<S>	<C>	<C>
Directors:		
Park T. Adikes .....	417,259 (3)	4.4%
Joseph C. Cantwell .....	17,584 (4)	*
Richard M. Cummins .....	10,384 (4)	*

<CAPTION>



Howard J. Dirkes, Jr. ....	38,958 (4)	*
Cynthia Gibbons .....	14,384 (4)	*
James E. Gibbons, Jr. ....	67,385 (4)	*
Edward P. Henson .....	130,482 (3)	1.4
Alfred F. Kelly .....	26,635 (4)	*
Richard W. Meyer .....	29,085 (4)	*
Arnold B. Pritcher .....	47,185 (4)	*
Paul R. Screvane .....	20,700 (4)	*
Named Executive Officers:		
John F. Bennett.....	88,938 (3)	1.0
Thomas R. Lehmann.....	54,943 (3)	*
Lawrence J. Kane.....	48,798 (3)	*
All Executive Officers and Directors of the		
Company as a group (18 persons) .....	1,230,865 (5)	12.5

<FN>

\* Is less than 1.0% of the Company's voting securities, when rounded to the nearest tenth.

(1) Each person effectively exercises sole (or shared with spouse or other immediate family member) voting and dispositive power as to shares reported. Excluded are 193,723 shares held by a trust which was established for the Benefit Restoration Plan (the "Restore Plan") in connection with the Company's benefit plans. Shares held in this trust are voted at the direction of the Employee Benefits Committee of the Bank's Board of Directors. The assets held by the trust, including the Company's shares, are subject to the claims of the general creditors of the Company and the Bank. The above table does not include the 154,000 options granted to Executive Officers and Directors pursuant to the 1996 Stock Option Plan (the "1996 Option Plan"), on January 1, 1999, which shares are not exercisable until they vest on July 1, 1999, as detailed in Notes 3 and 4, below.

(2) The total number of shares of Common Stock outstanding on March 4, 1999 was 9,301,435. Exercisable options for each individual are included in shares beneficially owned and are added to common stock outstanding in determining the percent of class. Shares subject to options that are not exercisable within 60 days are excluded.

(3) Includes 147,500, 48,000, 59,293, 30,000 and 30,000 shares for Messrs. Adikes, Henson, Bennett, Lehmann and Kane, respectively, which may be acquired through the exercise of stock options granted and exercisable under the JSB Financial, Inc. 1990 and 1996 Stock Option Plans. Does not include 20,000, 16,000, 10,000, 12,500 and 12,500 options granted on January 1, 1999, to Messrs. Adikes, Henson, Bennett, Lehmann and Kane, respectively, which vest on July 1, 1999.

(4) Includes 17,000, 10,000, 18,073, 13,000, 12,000, 18,250, 12,000, 22,000 and 12,000 shares for Directors Cantwell, Cummins, Dirkes, C. Gibbons, J. Gibbons, Kelly, Meyer, Pritcher and Screvane, respectively, which may be acquired through the exercise of stock options granted and exercisable under the Company's stock option plans. Does not include 4,000 options granted on January 1, 1999, which vest on July 1, 1999.

(5) Includes 539,116 shares subject to exercisable options.

</FN>

</TABLE>

#### DIRECTORS' COMPENSATION

Directors' Fees. During 1998, all Directors and the Director Emeritus of the Bank received a fee of \$1,000 for each monthly Board meeting attended and for the Annual Meeting. All Directors, except those who are officers of the Bank or the Company and the Director Emeritus, received an annual fee of \$30,000, consisting of: shares of the Company's Common Stock with a fair market value of \$10,000 on January 1, 1998, and the remaining balance of fees paid in cash, in three installment payments. The Chairman of the Audit Committee received a flat annual fee of \$10,000 while members of that committee received a flat annual fee of \$7,000. In addition to the Chairman of the Bank's Mortgage Committee

receiving an annual fee of \$10,000, the Chairman and the Bank's Mortgage Committee members received a fee of \$750 for each meeting attended. All members of the Bank's Community Reinvestment Act Committee received a fee of \$750 for each meeting attended. The Chairman of the Bank's Employee Benefits Committee received an annual fee of \$2,500 while members received an annual fee of \$1,500. The Chairman of the Compensation Committee received a flat annual fee of \$2,500 while members of the Compensation Committee received a flat annual fee of \$1,500.

Outside Directors' Consultation and Retirement Plan. Under the 1990 Jamaica Savings Bank FSB Outside Directors' Consultation and Retirement Plan (the "Consultation Plan"), any Director who has served as an outside Director of the Company or the Bank for 15 years is a participant in the Consultation Plan. A consulting Director shall be paid his/her annual benefit under the Consultation Plan in equal monthly installments for the lesser of (a) the number of months which such participant has agreed to act as a consulting Director or (b) one-half of the number of months such participant has served as an outside Director for the Bank up to a maximum of 120 months. The annual benefit shall be an amount equal to the Director's retainer fee and the fees payable for attendance at 12 regular Directors' meetings determined as of the participant's termination date.

The 1990 Stock Option Plan for Outside Directors. Under the JSB Financial, Inc. 1990 Stock Option Plan for Outside Directors (the "1990 Directors' Option Plan"), certain outside Directors were granted, effective June 27, 1990, non-statutory stock options to purchase 25,000 shares of Common Stock. In addition, the then active Director Emeritus was granted non-statutory stock options to purchase 10,000 shares of Common Stock. The exercise price per share of each option granted under the 1990 Directors' Option Plan is \$10.00 per share. The remaining 40,500 unexercised options granted under the 1990 Directors' Option Plan were exercisable at December 31, 1998. There were no options available for grant under the 1990 Directors' Option Plan during 1998.

The 1996 Option Plan. Under the 1996 Option Plan, on an annual basis, each member of the Board of Directors, who is neither an officer nor an employee of the Company or the Bank, is granted nonstatutory common stock options to purchase 4,000 shares of the common stock, each active Director Emeritus is granted 2,000 options and individuals who first become directors are granted between 6,000 and 9,000 options, the amount of which is determined by the calendar quarter during which the appointment to the Board is made. On January 1, 1998, members of the Board of Directors and the then active Director Emeritus of the Company were granted options to purchase an aggregate of 36,000 shares (with dividend equivalent rights ("DERs") discussed below) at an exercise price of \$50.0625, the market closing price of the Company's Common Stock on the business day prior to grant. These options became exercisable on July 1, 1998. See Stock Ownership of Management, on page 7, herein. Simultaneously with the grant of options, "limited rights" with respect to the shares covered by the options were granted. These limited rights are subject to terms and conditions and can be exercised only in the event of a change in control, as defined in the 1996 Option Plan, of the Company. Upon the exercise of a limited right, the holder shall receive from the Company a cash payment equal to the difference between the exercise price of the option and the fair market value of the underlying shares of Common Stock. In addition, pursuant to the 1996 Option Plan, cash payments for the DER are made to option holders upon the exercise of the option, thereby separating the cost of the DER from the cost of the option. The option period for each option grant will expire no later than ten years from the date of the grant.

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Directors' Stock Program. To further align the outside Directors' interest with those of the Company's stockholders, on December 9, 1997, the Board of Directors of the Company authorized the issuance of up to 20,000 shares of the Company's Common Stock to the Company's non-employee directors, pursuant to the Jamaica Savings Bank FSB Directors' Stock Program (the "Directors' Stock Program"). Under the Directors' Stock Program, each December, the Chairman of the Board will determine and recommend for approval by the Board, the rate of annual retainer to be paid to each outside Director for the next succeeding calendar year. Unless the Board shall elect otherwise, one third (1/3) of the annual rate of outside Director's fees will be paid to each outside Director in shares of Common Stock effective as of January 1st and the balance of the fees will be paid in cash, in three installment payments, on April 1st, July 1st and October 1st in such dollar amounts to be determined and approved by resolution of the Board. Payment of outside Director's fees in shares of Common Stock will be accomplished through the Company's issuance of shares of Common Stock having a fair market value, determined as of December 31st, equal to one third (1/3) of the rate of the annual retainer payable to each Director. Directors do not have the option to receive cash rather than stock in payment of the portion of their fees subject to the Directors' Stock Program. During 1998, the Company issued 1,800 shares pursuant to this program.

Under rules established by the SEC, the Company is required to provide certain data and information in regard to the compensation and benefits provided to the Company's Chief Executive Officer and other Executive Officers. The disclosure requirements for the Chief Executive Officer and other Executive Officers include the use of tables and a report explaining the rationale and considerations that led to fundamental compensation decisions affecting those individuals. The members of the Compensation Committee of the Board of Directors of the Company also serve as the Compensation Committee of the Bank. In fulfillment of this requirement, the Compensation Committee of the Bank (the "Compensation Committee"), at the direction of the Company's Board of Directors has prepared the following report for inclusion in this Proxy Statement.

#### Report of the Compensation Committee on Executive Compensation

All Executive Officers of the Company also serve as Executive Officers of the Bank. Such Executive Officers receive compensation for their services to the Bank and do not receive cash compensation from the Company. The Compensation Committee of the Board of Directors of the Bank is responsible for establishing the compensation levels and benefits for Executive Officers of the Bank. For 1998, all independent outside Directors were members of the Compensation Committee. The Compensation Committee is also responsible for establishing the policies which govern employee annual compensation and stock ownership programs. The compensation structure is aimed at establishing levels of compensation designed to reward performance and to retain and provide incentive to the Company's Executive Officers. The Compensation Committee believes that any compensation it determines to be appropriate in excess of \$1.0 million to Executive Officers is not expected to result in any significant loss of tax benefits to the Company.

Each Executive Officer has an employment agreement with the Bank, that has been guaranteed by the Company. See "Employment Agreements". The Compensation Committee approves any perquisites to Executive Officers.

Base Salaries and Performance Bonuses. In determining salary levels of the Executive Officers, the Compensation Committee considers the entire compensation package, including stock plans. Rather than establishing specific performance goals, salary levels and performance bonuses are aimed at reflecting the overall financial performance of the Company and the performance of each Executive Officer over time, which evaluation is subjective. The Compensation Committee reviews various published surveys of compensation paid to executives performing similar duties for financial institutions and their holding companies, with focus placed on financial institutions in the Bank's market area. Thus, the peer group utilized for comparison of compensation includes some, but not all, of the companies included in the peer group for the Stock Performance Graph. While salary levels are not targeted to correspond to any high, median or low end of the companies surveyed, these surveys serve as a guide for the Compensation Committee in determining salary levels. In December of each year, the Compensation Committee determines salary adjustments, if any, to take effect on January 1 of the following year for all officers of the Bank.

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Performance bonuses, if any, are at the discretion of the Compensation Committee, and thus may vary. The Compensation Committee granted a midyear performance bonus to all employees, including Executive Officers based on 5.0% of annual salary. In addition, a year end performance bonus was granted to all employees, including Executive Officers, except Mr. Adikes and Mr. Henson, based on 15.0% of annual salary. Mr. Adikes received a year-end performance bonus of \$300,000 or 42.9% of his 1998 salary and Mr. Henson received a year-end performance bonus of \$100,000 or 25.0% of his 1998 salary.

Stock Programs. The Board of Directors of JSB Financial, Inc., the Compensation Committee and management believe that significant employee stock ownership is a major incentive in maximizing Company profitability and therefore, aligns the interests of employees and stockholders. Therefore, the Company sponsors an ESOP and maintains stockholder approved Option Plans. Contributions to the ESOP are currently based on approximately 6% of employees' base salary.

On January 1, 1998, 126,000 options were granted under the 1996 Option Plan to all Executive Officers as a group. Such options were granted at the closing market price of the Common Stock, as of December 31, 1997, of \$50.0625. These options became exercisable on July 1, 1998, six months from the date of grant. Stock options under such plan were allocated by the Employee Benefits Committee of the Bank, on a discretionary basis, after considering the practices of other financial institutions, as verified by external surveys, and reviewing the Executive Officers' level of responsibility and contributions to the Company and the Bank. See "Option/SAR Grants in 1998". All options granted under the 1996 Option Plan will expire no later than ten years from the date on which the option was granted. The Compensation Committee considers prior grants when

determining stock compensation.

Compensation. In determining salary level and performance bonuses for Mr. Adikes, the Compensation Committee reviews indicators of the Company's financial strength, efficiency, and profitability. The Compensation Committee exercises its judgment and discretion, rather than attempting to set absolute targets for any of the ratios reviewed in connection with the above indicators, in determining salary and/or performance bonus.

Mr. Adikes' 1998 salary of \$700,000 continued at the same level since 1994. Total performance bonuses paid to Mr. Adikes during 1998 were \$335,000 and were comprised of a \$300,000 special year-end performance bonus and a \$35,000 midyear performance bonus. The Compensation Committee determined Mr. Adikes' performance bonus based on the criteria discussed above which encompassed his overall performance. The Compensation Committee believes the placement of Mr. Adikes' salary and performance bonus at the high end of salaries of the companies surveyed, as supported by evaluation of his services and performance, is appropriate and in the best interest of our stockholders.

The 1998 Compensation Committee:

James E. Gibbons, Jr. - Chairman  
 Joseph C. Cantwell  
 Richard M. Cummins  
 Howard J. Dirkes, Jr.  
 Cynthia Gibbons  
 Alfred F. Kelly  
 Richard W. Meyer  
 Arnold B. Pritcher  
 Paul R. Screvane

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Summary Compensation Table

The following table sets forth the compensation paid by the Bank for services rendered during the three years ended December 31, 1998, 1997 and 1996, respectively, to the Chief Executive Officer and the four other highest paid Executive Officers who received more than \$100,000 in salary and bonus (the "Named Executive Officers"). JSB Financial has not paid any compensation other than through the Bank.

<TABLE>

SUMMARY COMPENSATION TABLE

<CAPTION>

Name and Principal Position	Year	Annual Compensation		Long Term Compensation		
		Salary	Bonus	Restricted Stock Awards	Securities Underlying Options/SARs (#) (1)	All Other Compensation (2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Park T. Adikes Chairman of the Board, Chief Executive Officer and Director	1998 1997 1996	\$700,000 700,000 700,000	\$335,000 285,000 285,000	- - -	20,000 20,000 20,000	\$323,834 320,932 263,932
Edward P. Henson President and Director	1998 1997 1996	400,000 375,000 350,000	120,000 93,750 77,500	- - -	16,000 16,000 16,000	73,498 72,324 61,584
John F. Bennett Senior Vice President	1998 1997 1996	125,000 119,000 115,000	25,000 23,800 23,000	- - -	10,000 10,000 10,000	16,679 17,476 15,102
Thomas R. Lehmann Executive Vice President	1998 1997 1996	115,000 103,000 97,000	23,000 20,600 19,400	- - -	10,000 10,000 10,000	8,407 8,733 7,476
Lawrence J. Kane Executive Vice President	1998 1997 1996	110,000 99,000 93,000	22,000 19,800 18,600	- - -	10,000 10,000 10,000	8,080 8,216 6,994

<FN>  
 (1) All options presented in the table were exercisable prior to December 31, 1998.

(2) Items included in other compensation for 1998 pertain to the following items: (i) ESOP; \$7,500, \$10,929, \$8,537, \$7,885 and \$7,558 for Messrs. Adikes, Henson, Bennett, Lehmann and Kane, respectively, (ii) the Restore Plan in connection with the ESOP; \$268,069, \$46,219 and \$6,036 for Messrs. Adikes, Henson and Bennett, respectively, (iii) the Restore Plan in connection with the Incentive Savings Plan ("ISP"); \$31,157 for Mr. Adikes, (iv) life insurance premiums; \$3,108, \$1,350, \$2,106, \$522 and \$522 for Messrs. Adikes, Henson, Bennett, Lehmann and Kane, respectively, and (v) Director's Fees; \$14,000 and \$15,000 to Messrs. Adikes and Henson, respectively.

</FN>

</TABLE>

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Employment Agreements. The Bank and the Company maintain employment agreements with Messrs. Adikes and Henson and the Bank maintains employment agreements with Messrs. Bennett, Lehmann and Kane. The original employment agreements each provided for a three-year term. Commencing on the first anniversary date and continuing each anniversary date thereafter, the agreements extend for an additional year so that the remaining terms shall be three years, provided, however, that the Board of Directors has determined to renew the agreements. The agreements provide that the base salary of the executive will be reviewed annually. In addition to the base salary, the agreements provide for, among other things, disability pay, participation in stock benefit plans and other fringe benefits applicable to executive personnel. The agreements provide for termination by the Bank or the Company for cause at any time. In the event the Bank or the Company chooses to terminate the executive's employment for reasons other than for cause, or in the event of the executive's resignation from the Bank and the Company upon (i) failure to reelect the executive to his/her current office or board membership, (ii) a material change in the executive's functions, duties or responsibilities, or relocation of his/her principal place of employment, (iii) liquidation or dissolution of the Bank or the Company, or (iv) a breach of the agreement by the Bank or the Company, or if termination, voluntary or involuntary, results from a change in control, as defined in the employment agreements ("Change in Control"), of the Bank or the Company, the executive or, in the event of death, his/her beneficiary, would be entitled to a severance payment equal to the greater of the payments due for the remaining term of the agreement or three times his/her average annual compensation over the past three years of employment with the Bank. The agreements also provide for a lump sum cash payment for the executive's life, medical, dental and disability coverage for the remaining unexpired term of the agreements, however, if termination is due to a Change in Control, then the executive is entitled to a lump sum cash payment for the benefits covering 36 months. Payments to the executive under the Bank's agreements are guaranteed by the Company.

Payments under the employment agreements, in the event of a Change in Control, including other payments that might be made as a result of a Change in Control, may constitute an excess parachute payment under Section 280G of the Internal Revenue Code (the "Code") of 1986, as amended, resulting in the imposition of an excise tax on the recipient and denial of a tax deduction for such excess amounts to the Company and the Bank. If any amounts payable in connection with a Change in Control are determined to be "excess parachute payments" under Section 280G of the Code resulting in the imposition of the 20% excise tax on such payments under Section 4999 of the Code, each officer will receive from the Company an additional amount, a gross up amount (which amount is included in the payments under the employment agreements indicated below) such that the effect of the imposition of that excise tax is effectively eliminated.

These agreements provide for an annual base salary to be paid in 1999 by the Bank or the Company in lieu of the Bank of \$700,000, \$400,000, \$130,000, \$125,000 and \$120,000 to Messrs. Adikes, Henson, Bennett, Lehmann and Kane, respectively. Based upon current compensation which includes salary, bonuses and benefits under employee benefit plans, payments pursuant to these agreements upon a Change in Control would be approximately \$3,197,864, \$2,209,785, \$465,673, \$423,764 and \$407,384 to Messrs. Adikes, Henson, Bennett, Lehmann and Kane, respectively. Actual required payments in the event of a future Change in Control, based on calculations under the agreements at the time, could vary significantly from such amounts. In addition to the above payments, the gross up for the acceleration of stock options would also be payable; however, such amounts would be affected by the market value of the Company's Common Stock at the time such acceleration, if any, may be triggered.

Stock Option Plans. The Company maintains two option plans, the 1990 Option Plan and the 1996 Option Plan. During 1996, the Company's stockholders approved the 1996 Option Plan. No awards were granted under the 1990 Option Plan during 1998.

## OPTION/SAR\* GRANTS IN 1998

The following table shows all grants of options under the JSB Financial, Inc. 1996 Option Plan to the Named Executive Officers during 1998 and contains certain information about the present value of the option on the date of grant.

&lt;TABLE&gt;

## Individual Grants

&lt;CAPTION&gt;

Name	Number of Securities Underlying Options/SARs Granted (1)	Percent of Total Options/SARs Granted to Executive Officers (2)	Exercise or Base price Per Share	Expiration Date	Grant Date Present Value (3)
<S>	<C>	<C>	<C>	<C>	<C>
Park T. Adikes	20,000	15.87%	\$50.0625	12/31/07	\$219,200
Edward P. Henson	16,000	12.70	50.0625	12/31/07	175,360
John F. Bennett	10,000	7.94	50.0625	12/31/07	109,600
Thomas R. Lehmann	10,000	7.94	50.0625	12/31/07	109,600
Lawrence J. Kane	10,000	7.94	50.0625	12/31/07	109,600

&lt;FN&gt;

\*SAR - Stock appreciation rights.

(1) All options granted on January 1, 1998 were granted at an exercise price of \$50.0625, the market closing price of the Company's Common Stock on the business day before grant. The option period during which an individual may exercise such option will generally commence six months after the date of grant and expire no later than ten years from the date of the grant. Options granted under the 1996 Option Plan provide for limited rights and DERs, as more fully discussed under Directors' Compensation - The 1996 Option Plan on page 8, herein.

(2) Based upon a total of 126,000 options granted to Executive Officers during 1998. There were no options granted to employees other than Executive Officers during 1998.

(3) In accordance with SEC rules, the Black-Scholes option pricing model was chosen to estimate the grant date present value of the options set forth in this table. The stock option value of \$10.96 was determined based on the following assumptions: volatility rate of 20.75%; risk-free interest rate of 5.74%; historic annual dividend yield on underlying stock of 3.07%; estimated option term of 5.7 years.

&lt;/FN&gt;

&lt;/TABLE&gt;

The following table shows options exercised by Named Executive Officers during 1998, including the aggregate value of gains on the date of exercise and certain information with respect to the number of shares of Common Stock represented by outstanding options held by such persons as of December 31, 1998. Also reported are the values of "in-the-money" options which represent the positive spread between the exercise price of any such existing stock options and the year end price of the Common Stock of \$54.375.

&lt;TABLE&gt;

AGGREGATED OPTION/SAR EXERCISES DURING THE YEAR  
ENDED DECEMBER 31, 1998 AND YEAR-END OPTION/SAR VALUES

&lt;CAPTION&gt;

Name	Shares Acquired on Exercise (#)	Value Realized(2)	Number of Underlying Securities Options/SARs at Year-End(#)		Value of Unexercised In-the- Money Options/SARs at Year-End (1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Park T. Adikes	27,896	\$1,202,697	162,500	-	\$5,417,188	\$ -
Edward P. Henson	-	-	48,000	-	695,000	-
John F. Bennett	-	-	59,293	-	1,734,252	-
Thomas R. Lehmann	-	-	30,000	-	434,375	-
Lawrence J. Kane	-	-	30,000	-	434,375	-

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<FN>

(1) Options are subject to limited rights pursuant to which the options, to the extent outstanding for at least six months, may be exercised in the event of a Change in Control of the Company or the Bank. Upon the exercise of limited rights, the optionee would receive cash payments equal to the difference between the exercise price of the related option on the date of the grant and the fair market value of the underlying shares of Common Stock on the date the limited rights are exercised.

(2) Market value of underlying securities at exercise, minus the exercise price of \$10.00 per share pursuant to the 1990 Option Plan. No options granted pursuant to the 1996 Option Plan were exercised.

</FN>  
</TABLE>

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#### Stock Performance Graph

The following graph, which is required by the SEC, compares the Company's five-year cumulative return to stockholders (stock price appreciation plus dividends) from December 31, 1993 through December 31, 1998, with the return for the New York Stock Exchange (the "NYSE") and an index of performance for peer group companies, as compiled by Media General Financial Services. Effective August 7, 1997, the Company's Common Stock began trading on the NYSE. For purposes of the stock performance graph, the Company is presenting the NYSE Market Index. The performance of the peer group and the NYSE include the impact of stock price run-ups resulting from acquisition activity. In addition, the significant volume of initial public stock offerings made by financial institutions and the price escalations that generally followed, further skew the return data in favor of the peer group and the broad market indexes presented.

<TABLE>

JSB FINANCIAL, INC.  
COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN  
JSB Financial, Inc., The NYSE Market Index and Peer Group Index

<CAPTION>

Years Ending December 31,

(Performance Graph)

	1993*	1994	1995	1996	1997	1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>
JSB Financial Inc. The NYSE Market Index	100.00	105.82	145.77	181.45	246.98	276.49
Media General S&L Peer Group Index (1)	100.00	98.06	127.15	153.16	201.50	239.77
	100.00	95.79	151.72	198.00	332.91	291.84

<FN>

\*Assumes \$100.00 invested on December 31, 1993.

NOTE: Prior to listing on the NYSE, the Company's Common Stock was listed on the Nasdaq Stock Market

(1) The peer group, as compiled by Media General Financial Services, consists of all thrifts publicly traded on the NYSE, American Stock Exchange and the Nasdaq Stock Market at December 31, 1998.

</FN>

</TABLE>

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Pension and Pension Restoration Plan. The Bank maintains the Retirement Plan of Jamaica Savings Bank FSB (the "Retirement Plan"), a defined benefit plan for eligible employees of the Bank. In addition, the Bank maintains the Restore Plan, an unfunded non-qualified plan, to compensate participants in any of the Bank's qualified plans for benefits which would have accrued under such plans absent the limitations of Sections 415 and 401(a)(17) of the Code. As of December 31, 1998 all of the Named Executive Officers were eligible to participate in the Restore Plan, but only Messrs. Adikes and Henson had accrued supplemental pension benefits thereunder. Estimated annual benefits payable under the Retirement Plan and the supplemental retirement benefits payable pursuant to the Restore Plan, are reflected in the following table. The supplemental retirement benefit payable under the Restore Plan is determined upon the participant's retirement and will be paid in the manner designated by the retiree.

The following table sets forth, in straight life annuity amounts, the estimated annual benefits payable upon retirement at age 65 in calendar year 1998, expressed in the form of a single life annuity, in the final average salary and creditable service classifications specified.

<TABLE>

PENSION AND PENSION RESTORATION PLAN TABLE

<CAPTION>

Remuneration	Years of Service				
	15	20	25	30	35 (1)
<S>	<C>	<C>	<C>	<C>	<C>
\$ 25,000	\$ 5,300	\$ 7,100	\$ 9,500	\$ 12,000	\$ 14,500
50,000	12,400	16,500	21,300	26,300	30,000
75,000	19,900	26,500	33,800	41,300	45,000
100,000	27,400	36,500	46,300	56,300	60,000
150,000	42,400	56,500	71,300	86,300	90,000
200,000 (3)	57,400	76,500	96,300	116,300	120,000
250,000 (3)	72,400	96,500	121,300	146,300 (2)	150,000 (2)
300,000 (3)	87,400	116,500	146,300 (2)	176,300 (2)	180,000 (2)
350,000 (3)	102,400	136,500 (2)	171,300 (2)	206,300 (2)	210,000 (2)
400,000 (3)	117,400	156,500 (2)	196,300 (2)	236,300 (2)	240,000 (2)
500,000 (3)	147,400 (2)	196,500 (2)	246,300 (2)	296,300 (2)	300,000 (2)
600,000 (3)	177,400 (2)	236,500 (2)	296,300 (2)	356,300 (2)	360,000 (2)
700,000 (3)	207,400 (2)	276,500 (2)	346,300 (2)	416,300 (2)	420,000 (2)
800,000 (3)	237,400 (2)	316,500 (2)	396,300 (2)	476,300 (2)	480,000 (2)

<FN>



(1) The maximum benefit under the Retirement Plan's formula is 60% of final average salary.

(2) These are hypothetical benefits based upon the Retirement Plan's normal benefit formula. The maximum annual benefit permitted under Section 415 of the Code for 1998 was \$130,000, or, if higher, a participant's current accrued benefit as of December 31, 1982 (but not more than \$136,425). The \$130,000 ceiling will be adjusted for increases in the cost of living in \$5,000 increments in 1999 and succeeding years. The Bank maintains a non-qualified Restore Plan for the purpose of providing the benefits that would normally be paid under the Retirement Plan, but are precluded from being paid due to this limitation.

(3) The maximum annual salary permitted under the Code for 1998 was \$160,000. Benefits accrued as of December 31, 1993 on the basis of compensation limits prior to 1994 are preserved. The \$160,000 compensation limitation will be adjusted for increases in the cost of living in \$10,000 increments in 1999 and succeeding years. The Bank maintains a non-qualified Restore Plan for the purpose of providing the benefits that would normally be paid under the Retirement Plan, but are precluded from being paid due to this limitation.

</FN>  
</TABLE>

17

Compensation utilized for the pension formula is the average of the highest salaried three consecutive years of creditable service. For 1998, the final average annual salary for the Named Executive Officers was based on the salaries presented in the "Summary Compensation Table" for 1998, 1997 and 1996. The resulting average salaries are as follows: Mr. Adikes, \$700,000; Mr. Henson, \$375,000; Mr. Bennett, \$119,667; Mr. Lehmann, \$105,000 and Mr. Kane, \$100,667. Benefit amounts are not subject to any deduction for Social Security benefits or other offset amounts.

The following table sets forth the years of creditable service as of December 31, 1998 for each of the individuals named in the compensation table.

<TABLE>

Creditable Service	
Years	Months
----	-----

<CAPTION>

<S>	<C>	<C>
Park T. Adikes .....	44	1
Edward P. Henson .....	38	7
John F. Bennett .....	38	11
Thomas R. Lehmann .....	29	3
Lawrence J. Kane .....	26	10

</TABLE>

#### Indebtedness of Management and Transactions With Certain Related Persons

All loans or extensions of credit to Executive Officers and Directors are 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 do not involve more than the normal risk of repayment or present other unfavorable features.

#### ADDITIONAL INFORMATION

##### Stockholder Proposals for 2000 Annual Meeting

To be considered for inclusion in the Proxy Statement and proxy relating to the Annual Meeting of Stockholders to be held in 2000, a stockholder proposal must be received by the Secretary of the Company at the address set forth on the first page of the Proxy Statement, not later than November 30, 1999. Any such proposal will be subject to 17 C.F.R. Section 240.14a-8 of the Rules and Regulations of the SEC.

##### Notice of Business to be Conducted at the Annual Meeting

The Bylaws of the Company provide an advance notice procedure for certain business to be brought before an annual meeting. In order for a

stockholder to properly bring business before an annual meeting, the stockholder must give written notice to the Secretary of the Company not less than ninety (90) days before the time originally fixed for such 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 tenth day following the day on which such notice of the annual meeting was mailed or such public disclosure was made. The notice must include the stockholders' name and address, as it appears on the Company's record of stockholders, 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, the class and number of shares of the Company's capital stock that are beneficially owned by such stockholder and any material interest of such stockholder in the proposed business.

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OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING

The Board of Directors knows of no business which will be presented for consideration at the Annual Meeting other than as stated in the Notice of Annual Meeting of Stockholders. If, however, other matters are properly brought before the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote the shares represented thereby on such matters in accordance with their best judgment.

Whether or not you intend to be present at this Annual Meeting, you are urged to return your proxy promptly or use the telephone voting system. If you are present at this Annual Meeting and wish to vote your shares in person, your proxy may be revoked upon request.

A COPY OF THE FORM 10-K FOR THE PERIOD ENDED DECEMBER 31, 1998, AS FILED WITH THE SEC, WILL BE FURNISHED WITHOUT CHARGE TO STOCKHOLDERS AS OF THE RECORD DATE UPON WRITTEN REQUEST TO THE SECRETARY, JSB FINANCIAL, INC., 303 MERRICK ROAD, LYNBROOK, NEW YORK 11563.

By Order of the Board of Directors

JOANNE CORRIGAN  
Secretary

Lynbrook, New York  
March 30, 1999

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YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. WHETHER OR NOT YOU HAD PLANNED TO ATTEND THE ANNUAL MEETING, YOU ARE REQUESTED TO SIGN AND PROMPTLY RETURN THE ACCOMPANYING PROXY IN THE ENCLOSED POSTAGE PAID ENVELOPE OR USE THE TELEPHONE VOTING SYSTEM.  
-----

LONG ISLAND MARRIOTT  
HOTEL AND CONFERENCE CENTER  
101 JAMES DOOLITTLE BOULEVARD  
UNIONDALE, NEW YORK 11553  
(516) 794-3800

From Manhattan and Points West:

Midtown Tunnel to Long Island Expressway (Route 495) East to Exit 38 Northern State Parkway to Exit 31A Meadowbrook Parkway South to Exit M4 West, Hempstead Turnpike (Route 24W) continue 100 yards to Hotel on right.

From Eastern Long Island (North Shore):

Long Island Expressway (Route 495) West to Exit 42 Northern State Parkway to Exit 31A Meadowbrook Parkway South to Exit M4 West, Hempstead Turnpike (Route

24W) continue 100 yards to Hotel on right.

or alternatively:

Long Island Expressway (Route 495) West to Exit 39 Glen Cove Road South to Old Country Road. Turn left (East) one mile to Merrick Avenue. Turn right to Hempstead Turnpike (Route 24). Turn right, Hotel is 200 yards on the right.

From Eastern Long Island (South Shore):

Sunrise Highway to Southern State Parkway to Exit 22N. Meadowbrook Parkway North to Exit M4 Hempstead Turnpike West (Route 24W). Follow road to Hempstead Turnpike, Hotel is 100 yards on the right.

From Kennedy Airport:

JFK Expressway East to Belt Parkway East (becomes Southern State Parkway at Nassau County border) Southern State Parkway East to Exit 22N Meadowbrook Parkway North to Exit M4 Hempstead Turnpike West (Route 24). Follow road to Hempstead Turnpike, Hotel is 100 yards on the right.

From Laguardia Airport:

Grand Central Parkway (Eastern L.I.) becomes the Northern State Parkway at Nassau County border to Exit 31A Meadowbrook Parkway South to Exit M4 West, Hempstead Turnpike (Route 24W) continue 100 yards to Hotel on right.

From Hempstead Turnpike (West to East):

Just past Hofstra University, make a left onto Earl Ovington Boulevard. Follow road around the Nassau Coliseum, right onto James Doolittle Boulevard. Hotel will be on the right.

JSB FINANCIAL, INC.

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

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ANNUAL MEETING OF STOCKHOLDERS

MAY 11, 1999

10:00 A.M.

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The undersigned hereby appoints the official proxy committee of the Board of Directors of JSB Financial, Inc. (the "Company") consisting of Alfred F. Kelly, Richard W. Meyer and Arnold B. Pritcher, each of them, each with full power of substitution, to act as attorneys and proxies for the undersigned, and to vote all shares of Common Stock of the Company which the undersigned is entitled to vote only at the Annual Meeting of Stockholders (the "Annual Meeting"), to be held at the Long Island Marriott Hotel and Conference Center, 101 James Doolittle Boulevard, Uniondale, New York 11553, on May 11, 1999 at 10:00 a.m., and at any and all adjournments thereof.

This proxy is continued on the reverse side.

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FOLD AND DETACH HERE

YOUR VOTE IS IMPORTANT!

You can vote in one of two ways:

1. Call toll free 1-800-840-1208 on a Touch Tone telephone and follow the instructions on the reverse side. There is NO CHARGE to you for this call.

or

2. Mark, sign and date your proxy card and return it promptly in the enclosed postage-paid envelope.

PLEASE VOTE

This proxy is revocable and will be voted as directed, but if no instructions are specified, this proxy will be voted FOR Proposals 1 and 2. If any other matters to be voted on are presented at the Annual Meeting, this proxy will be voted by those named in this proxy in their best judgment. At the present time,

the Board of Directors knows of no other matters to be voted on at the Annual Meeting.

Please mark your votes as indicated in this example X  
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THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSALS 1 and 2.

		VOTE
	FOR	WITHHELD
Proposal 1. Election as directors of all nominees listed (except as marked to the contrary below).	---	---

1. Joseph C. Cantwell
2. James E. Gibbons, Jr.
3. Edward P. Henson

Instruction: To withhold your vote for any individual nominee, write that nominee's name on the line provided below.

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Proposal 2. Ratification of the appointment of KPMG LLP as independent auditors of the Company for the year ending December 31, 1999.	FOR	AGAINST	ABSTAIN
	---	---	---

PLEASE CAST YOUR VOTE BY TELEPHONE AS INSTRUCTED BELOW OR COMPLETE, DATE, SIGN AND MAIL THIS PROXY PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

The undersigned acknowledges receipt from the Company of a Notice of Annual Meeting and of a Proxy Statement dated March 30, 1999.

WILL ATTEND MEETING \_\_\_\_

Signature(s) \_\_\_\_\_ Date \_\_\_\_\_

NOTE:  
Please sign exactly as your name appears on this card. When signing as attorney, executor, administrator, trustee or guardian, please give your full title. If shares are held jointly, each holder may sign but only one signature is required.

IF YOU WISH TO VOTE BY TELEPHONE, PLEASE READ THE INSTRUCTIONS BELOW

VOTE BY TELEPHONE

QUICK - EASY - TOLL FREE - IMMEDIATE

Your telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

You will be asked to enter a Control Number which is located in the box in the lower right hand corner of this form.

OPTION #1: To vote as the Board of Directors recommends on All proposals: Press 1.

When asked, please confirm your vote by Pressing 1.

OPTION #2: If you choose to vote on each proposal separately, press 0. You will hear these instructions:

Proposal 1: To vote FOR ALL nominees, press 1; to WITHHOLD FOR ALL nominees, press 9.

To withhold FOR AN INDIVIDUAL nominee, press 0 and listen to the instructions.

Proposal 2: To vote FOR, press 1; AGAINST, press 9; ABSTAIN, press 0.

When asked, please confirm your vote by Pressing 1.

PLEASE DO NOT RETURN THE ABOVE PROXY CARD IF VOTED BY PHONE

Call Toll Free Anytime From a Touch Tone Telephone

1-800-840-1208

There is NO CHARGE to you for this call.

JAMAICA SAVINGS BANK FSB
EMPLOYEE STOCK OWNERSHIP PLAN
VOTE AUTHORIZATION FORM

I, the undersigned, acknowledge that Marine Midland Bank is the Trustee and the holder of record and custodian of the shares of JSB Financial, Inc. (the "Company") common stock under the Jamaica Savings Bank FSB Employee Stock Ownership Plan and Trust (the "ESOP"). I understand that the above number of shares of Company stock have been allocated to me as of 12/31/98. Further, I understand that my voting instructions are solicited on behalf of the Company's Board of Directors for the Annual Meeting of Stockholders on May 11, 1999.

Accordingly, I direct the Trustee to vote my shares as follows:

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSALS 1 and 2.

(1) The election as Directors of all nominees listed FOR VOTE WITHHELD
(except as marked to the contrary below). --- ---
James E. Gibbons, Jr.
Edward P. Henson
Joseph C. Cantwell

INSTRUCTION: To withhold your vote for any individual nominee, write that nominee's name(s) on the line provided below.

(2) The ratification of KPMG,LLP as independent FOR AGAINST ABSTAIN
auditors of the Company for the fiscal --- -----
year ending December 31, 1999.

The ESOP Trustee is hereby authorized to vote my shares as indicated above. I understand that if I sign this form without indicating specific instructions, my shares will be voted as unallocated shares. I understand that my voting instructions will be confidential.

Signature

Date Print your name

Please date, sign and submit this form to Marine Midland Bank in the enclosed postage paid envelope by April 19, 1999.

TO: Participants in the Jamaica Savings Bank FSB Employee Stock Ownership Plan (the "ESOP")

FROM: John J. Conroy, for the ESOP Plan Administrator

RE: Vote Authorization Form

DATE: March 30, 1999

Jamaica Savings Bank FSB (the "Bank") instituted an Employee Stock Ownership

Plan in connection with its conversion from the mutual to the stock form of organization and the formation of its holding company, JSB Financial, Inc. (the "Company").

As you know, shares of Company stock have been allocated to your ESOP account on an annual basis. You have the right to vote these shares in your account concerning the matters that come before the Annual Meeting of Stockholders on May 11, 1999.

Attached you will find a Vote Authorization Form, an Annual Report and a Proxy Statement in connection with the Annual Meeting. The management of the Bank requests that you read this material and complete and sign the Vote Authorization Form. We urge you to forward your response to the Trustee of the ESOP who will be voting the Shares held by the ESOP. All replies should be mailed directly to the Trustee, Marine Midland Bank, Trust & Investment Management Group, 140 Broadway, 11th Floor, New York, N. Y. 10269-0080 by April 19, 1999 using the postage paid envelope provided. Your Vote Authorization Form will be held confidential.

JJC:seb

JAMAICA SAVINGS BANK FSB  
INCENTIVE SAVINGS PLAN  
VOTE AUTHORIZATION FORM

I understand that my proportionate interest in the JSB Stock Fund ("Fund D") of the Jamaica Savings Bank FSB Incentive Savings Plan (the "Plan") is as stated above. I further understand that I have the right to direct Bankers Trust Company, the Trustee of the Plan, to vote my proportionate interest in Fund D.

I have been advised that my voting instructions are solicited on behalf of the Board of Directors of JSB Financial, Inc. (the "Company") for the Annual Meeting of Stockholders on May 11, 1999.

Accordingly, I direct the Trustee, to vote my proportionate interest in Fund D as follows:

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSALS 1 and 2.

	FOR	VOTE WITHHELD
(1) The election as Directors of all nominees listed (except as marked to the contrary below)	---	-----

James E. Gibbons, Jr.  
Edward P. Henson  
Joseph C. Cantwell

INSTRUCTION: To withhold your vote for any individual nominee, write that nominee's name(s) on the line provided below.

	FOR	AGAINST	ABSTAIN
(2) The ratification of KPMG, LLP as independent auditors of the Company for the fiscal year ending December 31, 1999.	---	-----	-----

Bankers Trust Company, the Trustee of the Jamaica Savings Bank FSB Incentive Savings Plan and Trust, is hereby authorized to vote my proportionate interest in Fund D as indicated above. I understand that my voting instructions will be confidential.

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Signature

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Date

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Print your name

Please date, sign and submit this form to Bankers Trust Co. in the enclosed postage paid envelope by April 19, 1999.

TO: Participants in Fund D (the "JSB Stock Fund") of the Jamaica Savings  
Bank Incentive Savings Plan

FROM: John J. Conroy, Administrator of the Plan

RE: Vote Authorization Form

DATE: March 30, 1999

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As you know, Jamaica Savings Bank FSB (the "Bank") amended the Incentive Savings Plan (the "Plan") to provide for a means by which participants in the Plan could invest funds in the common stock of JSB Financial, Inc., the parent holding company of the Bank. As a participant in the JSB Stock Fund you have the right to vote your proportionate interest.

As the Administrator of the Plan, it is my responsibility to provide to you a Vote Authorization Form for use in directing Bankers Trust Co., the Trustee, in voting your proportionate interest in the JSB Stock Fund in regard to the Annual Meeting of Stockholders which will be held on May 11, 1999.

The management of Jamaica Savings Bank FSB requests that you read the attached Annual Report and Proxy Statement with regard to this meeting and sign the enclosed Vote Authorization Form. This form should be sent to the Trustee, Bankers Trust Company, Post Office Box 2626 Jersey City N. J. 07303-2626, Attention: Gina Gehan, 4th Floor, M. S. 3048 JSB in the attached postage paid envelope by April 19, 1999. Your Vote Authorization Form will be kept confidential.

JJC:seb