DIME COMMUNITY BANCSHARES INC
Form DEFR14A
April 10, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Exchange Act of 1934 (Amendment No. 1)

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

Check the appropriate box:
o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-16(e)(2))
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

DIME COMMUNITY BANCSHARES, INC.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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2) Aggregate number of securities to which transaction applies:

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

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4) Proposed maximum aggregate value of transaction:

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5) Total fee paid:

o Fee paid previously with preliminary materials.

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

EXPLANATORY NOTE

On April 8, 2013, Dime Community Bancshares, Inc. filed its Definitive Proxy Statement on Schedule 14A (the "Original Proxy Statement") with the Securities and Exchange Commission. Dime Community Bancshares, Inc. has discovered certain errors in footnotes (6) and (8) to the table under Termination and Change in Control Benefits located on pages 31 and 32 of the Original Proxy Statement. The sole purpose of filing this amended Definitive Proxy Statement is to correct those errors. No other changes have been made to the Original Proxy Statement.

April 8, 2013

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders (the "Annual Meeting") of Dime Community Bancshares, Inc. (the "Company"), which will be held on May 23, 2013 at 10:00 a.m. Eastern Time, at Giando on the Water, 400 Kent Avenue, Brooklyn, New York 11211.

The attached Notice of the Annual Meeting of Shareholders and Proxy Statement describe the business to be transacted at the Annual Meeting. The Directors and several officers of the Company, as well as a representative of Crowe Horwath LLP, the accounting firm appointed by the Audit Committee of the Board of Directors to be the Company's independent auditors for the year ending December 31, 2013, will be present at the Annual Meeting.

The Company's Board of Directors has determined that an affirmative vote on each matter to be considered at the Annual Meeting is in the best interests of the Company and its shareholders and unanimously recommends a vote "FOR" each of these matters.

Please complete, sign and return the enclosed proxy card promptly, whether or not you plan to attend the Annual Meeting. Your vote is important regardless of the number of shares you own. Voting by proxy will not prevent you from voting in person at the Annual Meeting, but will assure that your vote is counted if you are unable to attend. If you are a shareholder whose shares are not registered in your own name, you will need additional documentation from your record holder to attend and vote personally at the Annual Meeting. Examples of such documentation include a broker's statement, letter or other document confirming your ownership of the Company's shares.

On behalf of our Board of Directors and employees, we thank you for your continued support and hope to see you at the Annual Meeting.

Sincerely yours,

Vincent F. Palagiano
Chairman of the Board
and Chief Executive Officer

Dime Community Bancshares, Inc.
209 Havemeyer Street
Brooklyn, New York 11211
(718) 782-6200

NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS
To Be Held on May 23, 2013

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Dime Community Bancshares, Inc. (the "Annual Meeting") will be held at Giando on the Water, 400 Kent Avenue, Brooklyn, New York 11211, on Thursday, May 23, 2013 at 10:00 a.m. Eastern Time, to consider and vote upon the following:

1. Election of four Directors for terms of three years each;

2. Approval of the Dime Community Bancshares, Inc. 2013 Equity And Incentive Plan;

3. Ratification of the appointment of Crowe Horwath LLP as the Company's independent auditors for the year ending December 31, 2013;

4. Approval, by a non-binding advisory vote, of the compensation of the Company's named executive officers;

5. Transaction of such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof. As of the date hereof, management is not aware of any other such business.

The Board of Directors has fixed March 28, 2013 as the record date for the Annual Meeting and any adjournment or postponement thereof. Only shareholders of record at the close of business on that date will be entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof. A list of such shareholders will be available for inspection by any shareholder for any lawful purpose germane to the Annual Meeting at the Company's corporate headquarters at 209 Havemeyer Street, Brooklyn, NY 11211 at any time during regular business hours for 10 days prior to the Annual Meeting.

By Order of the Board of Directors

Lance J. Bennett
Secretary

Brooklyn, New York
April 8, 2013

YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED REGARDLESS OF THE NUMBER OF SHARES YOU OWN. THE BOARD OF DIRECTORS URGES YOU TO COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE. RETURNING THE PROXY CARD WILL NOT PREVENT YOU FROM VOTING IN PERSON IF YOU ATTEND THE ANNUAL MEETING.

DIME COMMUNITY BANCSHARES, INC.

PROXY STATEMENT FOR THE
ANNUAL MEETING OF SHAREHOLDERS

To Be Held on May 23, 2013

GENERAL INFORMATION

General

This Proxy Statement and accompanying proxy card are being furnished to the shareholders of Dime Community Bancshares, Inc. (the "Company") in connection with the solicitation of proxies by the Company's Board of Directors from holders of the shares of the Company's issued and outstanding common stock, par value $0.01 per share (the "Common Stock"), for use at the Annual Meeting of Shareholders to be held on May 23, 2013 (the "Annual Meeting") at Giando on the Water, 400 Kent Avenue, Brooklyn, New York, 11211 at 10:00 a.m. Eastern Time, and at any adjournment or postponement thereof. The Company is a Delaware corporation and operates as a unitary savings and loan holding company for The Dime Savings Bank of Williamsburgh (the "Bank"). This Proxy Statement, together with the enclosed proxy card, is first being mailed to shareholders on or about April 8, 2013.

Record Date

The Company's Board of Directors has fixed the close of business on March 28, 2013 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting (the "Record Date"). Accordingly, only holders of record of shares of Common Stock at the close of business on March 28, 2013 will be entitled to vote at the Annual Meeting. There were 35,871,939 shares of Common Stock outstanding on the Record Date. The presence, in person or by proxy, of the holders of at least a majority of the total number of shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting

The notice of meeting, proxy statement, annual report and sample proxy card are available for review at www.materials.proxyvote.com/ 253922. The notice of meeting, proxy statement and annual report are also available on the Company's website at www.dime.com.

Voting Rights

Each holder of Common Stock on the Record Date will be entitled to one vote at the Annual Meeting for each share of record held on the Record Date (other than Excess Shares as defined below). As provided in the Company's Certificate of Incorporation, record holders (other than any compensation plan maintained by the Company and certain affiliates) of Common Stock who beneficially own in excess of 10% of the issued and outstanding shares of Common Stock (such shares in excess of 10% referred to herein as "Excess Shares") shall be entitled to cast only one-hundredth of one vote per share for each Excess Share. A person or entity is deemed to beneficially own shares owned by an affiliate or associate as well as by persons acting in concert with such person or entity. The Company's Certificate of Incorporation authorizes a majority of the Board of Directors to interpret the provisions of the Certificate of Incorporation governing Excess Shares, and to determine, on the basis of information known to them after reasonable inquiry, all facts necessary to ascertain compliance with the Excess Shares provisions of the Certificate of Incorporation, including, without limitation, (i) the number of shares of Common Stock beneficially owned by any person or purported owner, (ii) whether a person or purported owner is an affiliate or associate of, or is acting in concert with, any other person or purported owner, and (iii) whether a person or purported owner has an agreement or understanding with any other person or purported owner as to the voting or disposition of any shares of Common Stock.

You may vote your shares by marking and signing the enclosed proxy card and returning it in the enclosed postage-paid envelope, by telephone or internet by following the instructions stated on the Proxy Card or by attending the Annual Meeting and voting in person. All properly executed proxies received by the Company on or before the close of voting on May 23, 2013 will be voted in accordance with the instructions indicated thereon. If no instructions are given, executed proxies will be voted FOR election of each of the four nominees for Director, FOR approval of the Dime Community Bancshares, Inc. 2013 Equity and Incentive Plan, FOR ratification of the appointment of Crowe Horwath LLP as independent auditors for the year ending December 31, 2013, FOR the compensation of the Company's executive officers, and FOR each other proposal identified in the Notice of the Annual Meeting of Shareholders.

Management is not aware of any matters other than those set forth in the Notice of the Annual Meeting of Shareholders that may be brought before the Annual Meeting. If any other matters properly come before the Annual Meeting, the persons named in the accompanying proxy

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will vote the shares represented by all properly executed proxies on such matters in such manner as shall be determined by a majority of the Company's Board of Directors.

If you are a shareholder whose shares are not registered in your own name, you will need appropriate documentation from your shareholder of record to vote personally at the Annual Meeting. Examples of such documentation include a broker's statement, letter or other document that will confirm your ownership of the Common Stock.

Vote Required

Directors are elected by a plurality of the votes cast in person or by proxy at the Annual Meeting. The holders of Common Stock may not vote their shares cumulatively for the election of Directors. With respect to the election of the four nominees for Director, shares as to which the "WITHHOLD AUTHORITY" box has been selected for either all or some of the nominees will be counted as being present for the matter but not as voting "for" the election of the respective nominee(s). Therefore, the proxy represented by these shares will have the same effect as voting against the respective nominee(s). In contrast, shares underlying broker non-votes will not be counted as present and entitled to vote and will have no effect on the vote on Proposal 1.

Proposals 2, 3 and 4 require the affirmative vote of the holders of a majority of the number of votes eligible to be cast by the holders of Common Stock represented, in person or by proxy, and entitled to vote at the Annual Meeting. Shares as to which the "ABSTAIN" box has been selected on the Proxy Card with respect to Proposals 2, 3 and 4 will be counted as present and entitled to vote and will have the effect of a vote against these proposals. In contrast, shares underlying broker non-votes will not be counted as present and entitled to vote and will have no effect on the vote on Proposals 2, 3 and 4.

Although the advisory vote on the compensation of executive officers is non-binding as provided by law, the Company's Board of Directors will review the results of the vote and consider them in making future determinations concerning executive compensation.

Revocability of Proxies

A proxy may be revoked at any time before it is voted by filing a written revocation of the proxy with the Company's Secretary at 209 Havemeyer Street, Brooklyn, New York 11211 or by submitting a duly executed proxy bearing a later date. A proxy also may be revoked by attending and voting at the Annual Meeting, only if a written revocation is filed with the Secretary prior to the voting of such proxy.

Solicitation of Proxies

The Company will bear the costs of soliciting proxies from its shareholders. In addition to the use of mail, proxies may be solicited by officers, Directors or employees of the Company or the Bank by telephone or other forms of communication. The Company will also request persons, firms and corporations holding shares in their names or in the names of their nominees, which are beneficially owned by others, to send proxy materials to, and obtain proxies from, such beneficial owners, and will reimburse such holders for reasonable expenses incurred in connection therewith. In addition, the Company has retained Broadridge Financial Solutions, Inc. to assist in the solicitation of proxies. The cost of such solicitation, which will be comprised of reimbursement for reasonable out-of-pocket expense, will be paid by the Company.

Interests of Directors and Management in Certain Proposals

At the Annual Meeting, shareholders are being asked to vote on The Dime Community Bancshares, Inc. 2013 Equity And Incentive Plan ("2013 Plan"), under which directors, executives, officers and employees may be granted various awards including, but not limited to, stock options, restricted stock awards restricted stock unit awards and/or stock appreciation rights, and executive officers and employees may be granted performance-based cash compensation. As a result, the Company's senior executives and directors have personal interests in the outcome of this proposal that are different from the interests of the Company's other shareholders. Shareholders will also be asked to cast a non-binding advisory vote on Proposal No. 4 regarding compensation to the Company's named executive officers, and the results of such advisory vote may influence future compensation decisions. The Board was aware of these interests and took them into account in recommending that the shareholders vote in favor of the proposed 2013 Plan and in favor of Proposal No. 4.

Director Attendance at Annual Meetings

The Company considers Board attendance at shareholder meetings a priority. It is the policy of the Company that Directors exercise their best efforts to attend every meeting. All of the Directors attended the annual meeting held in 2012.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Principal Shareholders of the Company

The following table sets forth certain information as to persons known to the Company to be the beneficial owner of in excess of 5% of the shares of Common Stock as of March 28, 2013. Management knows of no person, except as listed below, who beneficially owned more than 5% of the Common Stock as of March 28, 2013. Except for the column titled "Percent of Class" and as otherwise indicated, the information provided in the table was obtained from filings with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Addresses provided are those listed in the filings as the address of the person authorized to receive notices and communications. For purposes of the table below and the table set forth under "Security Ownership of Management," in accordance with Rule 13d 3 under the Exchange Act, a person is deemed to be the beneficial owner of any shares of Common Stock (1) over which he or she has or shares, directly or indirectly, voting or investment power, and (2) of which he or she has the right to acquire beneficial ownership at any time within 60 days after March 28, 2013. As used herein, "voting power" includes the power to vote, or direct the voting of, Common Stock and "investment power" includes the power to dispose, or direct the disposition, of such shares. Unless otherwise noted, each beneficial owner has sole voting and sole investment power over the shares beneficially owned.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	The Employee Stock Ownership Plan Trust of Dime Community Bancshares, Inc. and Certain Affiliates (the "ESOP Trust") 209 Havemeyer Street Brooklyn, NY 11211	3,194,939 (1)	8.9 %
Common Stock	Compensation Committee of Dime Community Bancshares, Inc. (includes the 3,194,939 ESOP Trust shares reflected above) 209 Havemeyer Street Brooklyn, NY 11211	4,169,334 (2)	11.6 %
Common Stock	Blackrock, Inc. 40 East 52nd Street New York, NY 10022	2,539,697 (3)	7.1 %
Common Stock	First Trust Portfolios L.P. 120 East Liberty Drive, Suite 400 Wheaton, Illinois 60187	1,925,282 (4)	5.4 %
Common Stock	The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	1,788,982 (5)	5.0 %

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(1) The Employee Stock Ownership Plan of Dime Community Bancshares, Inc. and Certain Affiliates (the "ESOP") filed a Schedule 13G with the SEC on February 6, 2013. The ESOP is administered by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee"). The ESOP's assets are held in the ESOP Trust, for which Pentegra Asset Management (formerly RS Group Trust Company) serves as trustee (the "ESOP Trustee"). The ESOP Trust purchased these shares with funds borrowed from the Company and placed them in a suspense account for release and allocation to participants' accounts in annual installments. As of March 28, 2013, 2,178,932 shares held by the ESOP Trust were allocated. The terms of the ESOP provide that, subject to the ESOP Trustee's fiduciary responsibilities under the Employee Retirement Income Security Act of 1974, as

amended ("ERISA"), the ESOP Trustee will vote, tender or exchange shares of Common Stock held in the ESOP Trust in accordance with instructions received from the participants. The ESOP Trustee will vote allocated shares as to which no instructions are received and any shares that have not been allocated to participants' accounts in the same proportion as allocated shares with respect to which the ESOP Trustee receives instructions are voted, subject to fiduciary duties of the ESOP Trustee. The ESOP Trustee will tender or exchange any shares in the suspense account or that otherwise have not been allocated to participants' accounts in the same proportion as allocated shares with respect to which the ESOP Trustee receives instructions are tendered or exchanged, subject to fiduciary duties of the ESOP Trustee. With respect to allocated shares as to which no instructions are received, the ESOP Trustee will be deemed to have received instructions not to tender or exchange such shares. Each member of the Compensation Committee disclaims beneficial ownership of such shares. See footnote 2 for a discussion of the voting and investment powers of the Compensation Committee.

(2) The Compensation Committee filed a Schedule 13G with the SEC on February 6, 2013. The Compensation Committee serves certain administrative functions for the ESOP and The Dime Savings Bank of Williamsburgh 401(k) Plan [the "401(k) Plan"]. In addition, the Compensation Committee serves as trustee for 328,003 unvested restricted stock awards granted to certain officers of the Company or Bank under the 2004 Stock Incentive Plan. Shares indicated in the table as beneficially owned by the Compensation Committee include all shares indicated in the table as beneficially owned by the ESOP Trust. The Compensation Committee has the authority to direct the ESOP Trustee with respect to the investment of the ESOP's assets (including the acquisition or disposition of both allocated and unallocated shares) in the absence of a tender offer, but has no voting power with respect to any shares. With respect to the ESOP, ERISA, in limited circumstances, may confer upon the ESOP Trustee the power and duty to control the voting and tendering of Common Stock allocated to the accounts of participating employees and beneficiaries who fail to exercise their voting and/or tender rights. Each member of the Compensation Committee disclaims beneficial ownership of such shares.

(3) Blackrock, Inc. ("Blackrock") filed a Schedule 13G on February 8, 2013 related to the former holdings of Barclay's Private Bank and Trust Limited ("Barclays"), of which Blackrock assumed ownership in December 2009. The shares are held in various trust accounts for the economic benefit of former Barclay's customers who are the beneficiaries of those accounts. The Schedule 13G states that Blackrock has sole voting and dispositive powers over 2,539,697 shares.

(4) First Trust Portfolios L.P. filed a Schedule 13G on January 7, 2013. First Trust Portfolios L.P. acts as sponsor of certain unit investment trusts which hold shares of the Common Stock. The Schedule 13G states that First Trust Portfolios L.P. has sole voting and dispositive powers over none of the shares, shared voting power over 39,679 shares, and shared dispositive powers over up to 1,925,282 shares.

(5) The Vanguard Group filed a Schedule 13G on February 12, 2013. The shares are primarily held in various trust accounts for the economic benefit of customers who are the beneficiaries of those accounts. The Vanguard Group has sole voting power over 53,270 of the shares, and sole dispositive power over up to 1,738,112 shares and shared dispositive powers over up to 50,870 shares. At the time of the 13-G filing and based upon publicly available information, the 1,788,982 shares reported by The Vanguard Group exceeded 5.0% of the outstanding Common Stock.

Security Ownership of Management

The following table sets forth information with respect to the shares of Common Stock beneficially owned by each of the Company's Directors and the principal executive officer, principal financial officer and three most highly compensated executive officers (other than the principal executive and principal financial officers) of the Company or Bank (the "Named Executive Officers"), and all of the Company's Directors and executive officers as a group, as of the Record Date. Except as otherwise indicated, each person and each group shown in the table has sole voting and investment power with respect to the shares of Common Stock indicated.

The Company's Insider Trading Policy prohibits Directors and senior officers from pledging Common Stock as collateral for any loan.

Title of Class	Name of Beneficial Owner	Position	Amount and Nature of Beneficial Ownership (1)(2)(3)		Percent of Class Outstanding	Vested Stock Options Included in Beneficial Ownership Total (4)	Other Non-Beneficial Ownership (5)
Common	Vincent F. Palagiano	Director, Chairman of the Board and Chief Executive Officer	1,282,361	(6)	3.6%	567,330	342,408
Common	Michael P. Devine	Director, President and Chief Operating Officer	909,703	(7)	2.5	420,287	233,026
Common	Kenneth J. Mahon	Director, Senior Executive Vice President and Chief Financial Officer	585,157	(8)	1.6	253,878	128,983
Common	Anthony Bergamo	Director	189,126	(9)	*	45,813	—
Common	George L. Clark, Jr.	Director	284,648	(10)	*	54,682	—
Common	Steven D. Cohn	Director	116,805	(11)	*	43,313	—
Common	Patrick E. Curtin	Director	123,804	(12)	*	45,813	—
Common	Robert C. Golden	Director	10,609		*	2,444	—
Common		Director	5,609		*	2,444	—

	Kathleen M. Nelson					
Common	Joseph J. Perry	Director	62,355	*	35,177	—
Common	Omer S.J. Williams	Director	59,367	*	37,202	—
Common	Daniel J. Harris	Executive Vice President ("EVP") and Chief Lending Officer	90,338 (13)	*	53,084	2,441
Common	Terence J. Mitchell	EVP and Chief Retail Officer	28,564	*	14,159	1,721
All Directors and executive officers as a group (16 persons)			6,135,168	17.1%	1,816,757	802,848

* Less than one percent

(1) See "Security Ownership of Certain Beneficial Owners and Management – Principal Shareholders of the Company" for a definition of "beneficial ownership."

(2) The figures shown include ESOP shares held in trust that have been allocated to individual accounts as follows: Mr. Palagiano, 58,551 shares; Mr. Devine, 58,551 shares; Mr. Mahon, 58,551 shares; Mr. Harris, 3,507 shares, Mr. Mitchell, 1,734 shares and all Directors and executive officers as a group, 299,003 shares (the Outside Directors do not participate in the ESOP). Such persons have voting power (subject to the legal duties of the ESOP Trustee) but no investment power, except in limited circumstances, as to such shares. The figures shown for Messrs. Palagiano, Devine, Mahon, Harris and Mitchell do not include any portion of the 1,016,007 ESOP shares held in trust that have not been allocated to any individual's account and as to which Messrs. Palagiano, Devine, Mahon, Harris and Mitchell may be deemed to share voting power with other ESOP participants. The figure shown for all Directors and executive officers as a group includes 1,016,007 shares as to which the members of the Compensation Committee (consisting of Messrs. Williams, Bergamo, and Clark, and Ms. Nelson) may be deemed to have sole investment power, except in limited circumstances, thereby causing each such Compensation Committee member to be deemed a beneficial owner of such shares. Each member of the Compensation Committee disclaims beneficial ownership of such shares and, accordingly, such shares are not attributed to the members of the Compensation Committee individually. In addition, the figure shown for all Directors and executive officers as a group includes 803,476 shares held in trust ("BMP Trust") for the benefit of Messrs. Palagiano, Devine, Mahon, Harris, Mitchell and other officers under the Benefit Maintenance Plan of Dime Community Bancshares, Inc. (the "BMP"). The BMP Trust, as directed by the Company, exercises voting and investment power over these shares (See "Compensation – Executive Compensation – Compensation Plans – BMP").

(3) The figures shown include shares held pursuant to the 401(k) Plan that were allocated as of the Record Date to individual accounts as follows: Mr. Mahon, 128,495 shares; Mr. Harris, 5,640 shares; Mr. Mitchell, 473 shares, and all Directors and executive officers as a group, 142,292 shares. Outside Directors do not participate in the 401(k) Plan. Such persons have sole voting power and sole investment power as to such shares [See "Compensation – Executive Compensation – Compensation Plans – 401(k) Plan"].

(4) Amounts include stock options eligible to be exercised within 60 days of March 28, 2013 as follows: Messrs. Bergamo, Clark, Cohn, Curtin, Golden, Perry and Williams, 2,444 options each; Ms. Nelson 2,444 options; Mr. Devine, 17,882 options; Mr. Mahon, 11,958 options; Mr. Harris, 8,658 options; Mr. Mitchell, 7,080 options and all Directors and executive officers as a group, 81,172 options.

(5) Other non-beneficial ownership amounts represent shares that are held in trust for the benefit of the respective Named Executive Officers under the BMP. Messrs. Palagiano, Devine, Mahon, Harris and Mitchell have neither voting nor investment power with respect to these shares. However, since the Company maintains full voting and dispositive powers over these shares, they are included in the total beneficial ownership amount for the full Directors and executive officers group (see footnote 2 above).

(6) Includes 656,480 shares as to which Mr. Palagiano may be deemed to share voting and investment power.

(7) Includes 396,539 shares as to which Mr. Devine may be deemed to share voting and investment power.

(8) Includes 121,281 shares as to which Mr. Mahon may be deemed to share voting and investment power.

(9) Includes 139,702 shares as to which Mr. Bergamo may be deemed to share voting and investment power.

(10) Includes 84,375 shares as to which Mr. Clark may be deemed to share voting and investment power.

(11) Includes 71,327 shares as to which Mr. Cohn may be deemed to share voting and investment power.

(12) Includes 75,826 shares as to which Mr. Curtin may be deemed to share voting and investment power.

(13) Includes 11,000 shares as to which Mr. Harris may be deemed to share voting and investment power.

PROPOSAL 1

ELECTION OF DIRECTORS

General

The Company's Certificate of Incorporation and Bylaws provide for the election of Directors by the shareholders. For this purpose, the Company's Board of Directors is divided into three classes, each class to be as nearly equal in number as possible. The terms of office of the members of one class expire, and a successor class is to be elected, at each annual meeting of shareholders. The Company currently has eleven Directors.

Vincent F. Palagiano, Patrick E. Curtin and Omer S. J. Williams, whose terms expire at the Annual Meeting, have been nominated by the Nominating Committee of the Board of Directors to be re-elected at the Annual Meeting for a term expiring at the annual meeting to be held in 2016, or when their successors are otherwise duly elected and qualified. Further, in order to achieve improved equality among the three classes of Directors, Kathleen M. Nelson, an incumbent Director whose current term expires at the annual meeting to be held in 2014, has been nominated by the Nominating Committee of the Board of Directors to be re-elected at the Annual Meeting for a three-year term expiring at the annual meeting to be held in 2016, or when her successor is otherwise duly elected and qualified. Upon election at the Annual Meeting to the class of Directors with a term of office expiring in 2016, Ms. Nelson will simultaneously resign her current board seat with a term expiring in 2014. If Ms. Nelson is not elected to the class of Directors with a term of office expiring in 2016, she will retain her current board seat, and serve until the annual meeting to be held in 2014, or when her successor is otherwise duly elected and qualified.

Each nominee has consented to being named in this Proxy Statement and to serve, if elected. In the event that any nominee for election as a Director at the Annual Meeting is unable or declines to serve, which the Board of Directors has no reason to expect, the persons named in the proxy card will vote with respect to a substitute nominee designated by the present Nominating Committee of the Board of Directors, unless the shareholder has elected to "withhold authority" with respect to all nominees.

Information as to Nominees and Continuing Directors

In March 2013, the Board determined that all of its current Directors with the exception of Messrs. Palagiano, Devine, Mahon and Curtin were independent pursuant to its Policy Regarding Director Independence (the "Director Independence Policy") and National Association of Securities Dealers, Inc. Rule 5605(a)(2) ["Rule 5605(a)(2)"]. Messrs. Palagiano, Devine and Mahon were not independent because they were officers of the Company. Mr. Curtin was deemed not independent because he was a member of a law firm providing various legal services to the Company or its subsidiaries. See, "Transactions with Certain Related Persons." The Director Independence Policy is available on the Company's website at www.dime.com by clicking "About Us," then "Investor Relations," and then "Governance Documents" within the "Investor Relations" menu.

The Nominating Committee is responsible for identifying and selecting nominees for election by the Company's shareholders. The Nominating Committee is authorized to retain search firm(s) to assist in the identification of candidates. The Nominating Committee is not limited to a specific process in identifying candidates and will consider potential nominees from various sources, including recommendations from shareholders as well as Directors and officers of the Company. Individuals recommended by shareholders are evaluated in a manner identical to other potential nominees.

The Nominating Committee has adopted general criteria for nomination to the Board which establish the minimum qualifications and experience to be examined in determining candidates for election. Pursuant to the general criteria, Directors should possess personal and professional ethics, integrity and values; be committed to representing the long-term interests of the Company's shareholders and other constituencies; possess the ability to (a) exercise sound business judgment, (b) work with others as an effective group, and (c) commit adequate time to their responsibilities; be independent as defined in applicable law, the Director Independence Policy and the Company's Code of Business Ethics and be able to impartially represent the interests of the Company's shareholders and other constituencies; possess experience and expertise relevant to the business of the Company; and possess such other knowledge, experience or skills as required or which may be useful considering the composition of the Board, the operating requirements of the Company and the long-term interests of the shareholders. The nomination guidelines promote Board diversity to respond to business needs and shareholder interests.

The following table sets forth certain information with respect to each nominee for election as a Director and each Director whose term does not expire at the Annual Meeting ("Continuing Director"). There are no arrangements or understandings between the Company and any Director or nominee pursuant to which such person was selected as a Director or nominee. For information with respect to security ownership by Directors, see "Security Ownership of Certain Beneficial Owners and Management – Security Ownership of Management."

	Age(1)	Director Since(2)	Term Expires	Position(s) Held with the Company and the Bank
Nominees				
Vincent F. Palagiano	72	1978	2013	Director, Chairman of the Board and Chief Executive Officer ("CEO")
Patrick E. Curtin	67	1986	2013	Director
Omer S. J. Williams	72	2006	2013	Director
Kathleen M. Nelson	67	2011	2014	Director
Continuing Directors				
Anthony Bergamo	66	1986	2015	Director
Michael P. Devine	66	1980	2015	Director, President and Chief Operating Officer ("COO")
George L. Clark, Jr.	72	1980	2014	Director
Steven D. Cohn	64	1994	2014	Director
Robert C. Golden	66	2011	2014	Director
Kenneth J. Mahon	62	2003	2014	Director, Senior Executive Vice President and Chief Financial Officer ("CFO")
Joseph J. Perry	46	2005	2015	Director

(1) As of March 28, 2013.
(2) Includes service as a Director or Trustee with the Bank prior to the Company's incorporation on December 12, 1995.

The principal occupation and current public company directorships, as well as public company directorships held at any time during the past five years, of each of the nominees is listed below. The information with respect to the nominees is as of March 28, 2013, and includes each nominee's affiliations with the Bank and its principal operating subsidiaries.

The principal occupation and business experience of each nominee for election as a Director and each Continuing Director are set forth below.

Nominees for Election as Director

Vincent F. Palagiano has served as Chairman of the Board and CEO of the Company since its formation in 1995 and of the Bank since 1989. He has served as a Trustee or Director of the Bank since 1978. In addition, Mr. Palagiano has served on the Boards of Directors of the Federal Home Loan Bank of New York since January 2012, the Institutional Investors Capital Appreciation Fund from 1996 to 2006, and The Community Banker's Association of New York from 2001 to 2005. Mr. Palagiano joined the Bank in 1970 as an appraiser and has also served as President of both the Company and the Bank, and as Executive Vice President, Chief Operating Officer and Chief Lending Officer of the Bank. Prior to 1970, Mr. Palagiano served in the real estate and mortgage departments at other financial institutions and title companies. This experience and these qualifications led the Board to conclude that Mr. Palagiano should serve as a Director of the Company.

Patrick E. Curtin has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since 1986. Mr. Curtin is a senior member in the law firm of Conway Farrell Curtin & Kelly, P.C. ("Conway Farrell") in New York, New York, and has represented the Bank in loan closings, litigation and various other matters for over 28 years. This experience and these qualifications led the Board to conclude that Mr. Curtin should serve as a Director of the Company.

Omer S.J. Williams has served as a Director of both the Company and Bank since July 2006. Mr. Williams is an attorney, Senior Counsel to the law firm of Alston & Bird LLP. He was previously Counsel to SNR Denton (US) LLP and prior to that a Partner at Thacher Proffitt & Wood LLP ("Thacher"), where he served as both Chairman of the firm's Executive Committee and Managing Partner of the firm from 1991 to 2003. Thacher's partners determined to dissolve the firm as of December 31, 2008, and Mr. Williams served as Chairman of Thacher's dissolution committee until dissolution was completed in 2011. Mr. Williams has more than 45 years of experience in banking, corporate and financial institution law, including corporate structure, securities and mortgage finance issues. This experience and these qualifications led the Board to conclude that Mr. Williams should serve as a Director of the Company.

Kathleen M. Nelson was elected to the Boards of Directors of both the Company and the Bank in March 2011. Ms. Nelson currently serves as managing principal of Bay Hollow Associates, a commercial real estate advisory firm that she co-founded in 2009, as well as President of KMN Associates, LLC, a commercial real estate consulting firm which she founded, that provides consulting service to mixed-use and commercial retail real estate developers or owners. Ms. Nelson also served in the mortgage and real estate division of TIAA-CREF from 1968 through 2004, retiring as the Managing Director and Group leader of the division. Ms. Nelson currently serves on the Board of Directors and Executive Committee of CBL & Associates Properties, Inc., a publicly traded Real Estate Investment Trust focused on shopping center properties, as well as on the Board of Directors and Audit, Compensation and Nominating and Corporate Governance Committees of Apartment Investment and Management Co., a publicly traded owner and manager of rental apartments. Ms. Nelson also currently serves as a trustee of the International Council of Shopping Centers, where she chairs the Audit Committee and serves on the Nominating Committee, Investment and Employee Retirement Committee and the Architectural & Design Award Committee. Ms. Nelson is also a member of the advisory boards of Castagna Realty Company, the Beverly Willis Architecture Foundation and the Anglo American Real Property Institute. This experience and these qualifications led the Board to conclude that Ms. Nelson should serve as a Director of the Company.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" THE NOMINEES FOR ELECTION AS DIRECTORS.

Continuing Directors

Michael P. Devine has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since 1980. Mr. Devine has served as President of both the Company and Bank since January 1, 1997 and as COO of the Company since its inception in 1995 and of the Bank since 1989. Prior to Mr. Devine's appointment as President, he served as EVP and Secretary of both the Company and the Bank. Mr. Devine joined the Bank in 1971 and has served as the Internal Auditor, Comptroller and Investment Officer. Prior to 1971, Mr. Devine served as a Senior Accountant with the firm of Peat Marwick Mitchell & Co. From August 2001 through September 12, 2008, Mr. Devine served on the Board of Directors of Retirement Systems Group, Inc. In September 2007, Mr. Devine joined the Board of Trustees of Long Island University and serves on its Audit and Budget and Finance Committees. In March 2009, Mr. Devine was elected a director of RSI Retirement Trust, for which he is not compensated. This experience and these qualifications led the Board to conclude that Mr. Devine should serve as a Director of the Company.

Kenneth J. Mahon has served as a Director of the Company since 2002 and of the Bank since 1998. Mr. Mahon has served as the CFO of both the Company and the Bank since 1996. Mr. Mahon was named Senior Executive Vice President of both the Company and the Bank in 2013, First Executive Vice President of both the Company and the Bank in 2008, and Executive Vice President of both the Company and Bank in 1997. Prior to serving as Executive Vice President, Mr. Mahon served as the Bank's Comptroller and Senior Vice President. Mr. Mahon is a member of the Financial Managers Society, the National Investor Relations Institute and the National Association of Corporate Directors, and serves on the Neighborhood Advisory Board of Brooklyn Legal Services Corporation A. Prior to joining the Bank in 1980, Mr. Mahon served in the financial areas of several New York City metropolitan area savings banks. This experience and these qualifications led the Board to conclude that Mr. Mahon should serve as a Director of the Company.

Anthony Bergamo has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since 1986. Mr. Bergamo is an attorney licensed in New York and New Jersey and currently serves as Vice Chairman of MB Real Estate, headquartered in Manhattan, New York. Mr. Bergamo is also the chief executive officer of Niagara Falls Redevelopment LLC, Chairman of the Federal Law Enforcement Foundation, Audit Chairman and a Director of Steel Partners LLP, Boylan's Soda and the State of New York Mortgage Agency. Mr. Bergamo also serves as a member of the New York State Judicial Screening Committee, First Department. This experience and these qualifications led the Board to conclude that Mr. Bergamo should serve as a Director of the Company.

George L. Clark, Jr. has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since 1980. Mr. Clark has served as Lead Director of the Boards of both the Company and Bank since 2007. Mr. Clark is President of George L. Clark Inc. (Realtors), a New York State licensed real estate firm. Mr. Clark was a director of the Federal National Mortgage Association between 1986 and 1992, and a former Chairman of the New York State Republican Committee. Mr. Clark has been a licensed real estate broker for 52 years. This experience and these qualifications led the Board to conclude that Mr. Clark should serve as a Director of the Company.

Steven D. Cohn has served as a Director of the Company since its formation in 1995 and as a Trustee or Director of the Bank since

1994. Mr. Cohn is the managing partner in the law firm of Goldberg and Cohn LLP, in Brooklyn Heights, New York, and is both a past President of the Brooklyn Bar Association and a delegate to the New York State Bar Association. Mr. Cohn is also an adjunct professor at the Fashion Institute of Technology, teaching classes in business law and marketing research. This experience and these qualifications led the Board to conclude that Mr. Cohn should serve as a Director of the Company.

Robert C. Golden was elected to the Boards of Directors of both the Company and the Bank in March 2011. Mr. Golden is currently retired, after having served from 1997 to 2010 as EVP of Corporate Operations and Systems at Prudential Financial, Inc. (previously Prudential Insurance Company of America), where he managed operations, technology infrastructure and communications and administrative services for all of Prudential Financial, Inc.'s subsidiaries. From 1976 through 1997, Mr. Golden served in several capacities at Prudential Securities, Inc., formerly a wholly-owned subsidiary of Prudential Insurance Company of America until majority ownership was sold in 2003, ending his tenure at Prudential Securities as Chief Administrative Officer in charge of operations, technology, systems infrastructure, communications, human resources, administrative services and real estate. Prior to retirement, Mr. Golden was a licensed member of the Financial Industry Regulatory Authority as a General Securities Representative, including the specialties of Financial and Operations Principal and Uniform Securities Agent State Law Examination. This experience and these qualifications led the Board to conclude that Mr. Golden should serve as a Director of the Company.

Joseph J. Perry has served as a Director of both the Company and Bank since September 2005, and from January 2004 through August 2005 as a Director of Havemeyer Equities, Inc., a previously wholly-owned subsidiary of the Bank. He is currently a partner at Marcum LLP, a public accounting and consulting firm headquartered in New York, New York, where he has served as the Partner-In-Charge of the New York Tax Department and Firm-Wide Partner-in-Charge of Tax Services since 2006. Prior to joining Marcum LLP, Mr. Perry was a tax partner at one of the leading "Big 5" accounting firms and provided services to several financial services companies throughout the New York metropolitan area. Mr. Perry is a member of the American Institute of Certified Public Accountants and the New York State Society of Public Accountants. This experience and these qualifications led the Board to conclude that Mr. Perry should serve as a Director of the Company.

Board Leadership Structure

The CEO also serves as Chairman of the Board, due, in part, to his extensive tenure with the Company and Bank, which provides unique and vital knowledge regarding their history, strategy, business and operations. In order to enhance Board independence and oversight, the Board has created a lead independent director position. George L. Clark, Jr. is currently the Lead Director. Among other functions, the Lead Director presides at executive sessions of the independent Directors and serves as a liaison between the Chairman of the Board and the independent Directors.

In the ordinary course of business, the Company faces various strategic, operating, compliance and financial risks. Management is responsible for the day-to-day management of risk, while the Board, as a whole and through its standing Committees, is responsible for the oversight of risk management. In its risk oversight role, the Board has the responsibility of satisfying itself that the risk management processes designed and implemented by management are adequate and functioning as designed. To help accomplish this objective, the Board created the Risk Committee in 2011. The purpose of this committee, which meets on a quarterly basis, is to assist the Board with respect to oversight of the Company's risk: identification; measurement; control processes; and ongoing monitoring. Senior management also attends, and presents reports at, all Board meetings. The Chief Risk Officer attends all meetings of the Audit and Risk Committees of the Board, and presents risk management activity updates to the Risk Committee quarterly, and to the Board monthly.

Meetings and Committees of the Company's Board of Directors

The Board of Directors meets on a monthly basis and may have additional special meetings upon the request of the Chairman of the Board, President or at least 60% (but not less than five) of the Directors then in office. The Company's Board of Directors met thirteen times during the year ended December 31, 2012. No incumbent Directors during 2012 attended fewer than 75% of the aggregate of: (1) the total number of Board meetings conducted during the period for which she or he was a Director, and (ii) the total number of meetings conducted by all committees of the Board on which she or he served during the periods that she or he served.

The Company's Board of Directors has established the following committees:

The Executive Committee consists of Messrs. Palagiano (Chair), Devine, Bergamo, Clark, Cohn and Curtin. Fred P. Fehrenbach served as a member of the Executive Committee from January 1, 2012 through his retirement effective May 24, 2012. The purpose of the Executive Committee is to exercise all the powers of the Board in the management of the business and affairs of the Company in the intervals between the meetings of the Board. The Executive Committee meets at the call of the Chairman, President or a majority of the members of the Executive Committee. The Executive Committee conducted no meetings during the year ended December 31, 2012.

The Compensation Committee presently consists, and consisted during 2012, of four independent Directors: Messrs. Williams (Chair), Bergamo, and Clark and Ms. Nelson. The Compensation Committee establishes the compensation of the CEO, approves the compensation of executive management, oversees administration of the process for determining the compensation and benefits of officers and employees of the Bank, recommends Director compensation to the Board and assists the Board in its oversight of the human resources activities of the Company and its subsidiaries.

The Compensation Committee utilizes Mercer U.S., Inc. ("Mercer"), a nationally recognized compensation consulting firm, and outside legal counsel, to assist in performing its duties. Mercer is instructed to analyze the Company's performance and executive pay levels. A peer group of public banks and thrifts is used for comparison of both pay level and corporate performance. The Compensation Committee uses this analysis to assist it in understanding market practices and trends and to develop and evaluate the effectiveness of recommended performance-linked compensation strategies. The Committee relies on legal counsel to advise on its obligations under applicable corporate, securities and employment laws, to assist in interpreting the Company's obligations under compensation plans and agreements, and to draft plans and agreements to document business decisions. The Committee considers the expectations of executive management with respect to their own compensation, and their recommendations with respect to the compensation of Directors and more junior executive officers.

The Compensation Committee may delegate such of its powers and responsibilities as it deems appropriate to subcommittees of its membership or officers of the Company. The Compensation Committee operates pursuant to a charter, which is available on the Company's website at www.dime.com, by initially selecting "About Us" then "Investor Relations" and subsequently selecting "Governance Documents." The Compensation Committee's charter requires that it meet annually and as requested by the Chairman of the Board of Directors. The Compensation Committee met four times during the year ended December 31, 2012.

The Nominating Committee consisted of Ms. Nelson (Chair), and Messrs. Cohn and Williams during 2012. Mr. Fehrenbach also served as a member of the Nominating Committee from January 1, 2012 through his retirement effective May 24, 2012. Effective January 1, 2013, Mr. Bergamo replaced Mr. Williams. Ms. Nelson, Mr. Bergamo and Mr. Cohn are, and Mr. Williams and Mr. Fehrenbach were, independent as defined in Rule 5605(a)(2). The Nominating Committee identifies and selects nominees for all Directorships, recommends committee memberships to the Board, and establishes criteria for the selection of new Directors to serve on the Board. The Nominating Committee met twice during 2012. In addition, the Nominating Committee met on March 28, 2013 to, among other matters, select the nominees for election as Directors at the Annual Meeting. In accordance with the Company's Bylaws, provided the Nominating Committee makes such nominations, no nominations for election as Director except those made by the Nominating Committee shall be voted upon at the Annual Meeting unless properly made by a shareholder in accordance with the procedures set forth under "2013 Annual Meeting Stockholder Proposals" in the proxy statement for the annual meeting held in May 2012. The Nominating Committee operates pursuant to a charter. A current copy of the Nominating Committee charter is available on the Company's website, at www.dime.com, by clicking "About Us" then "Investor Relations" and then "Governance Documents" within the "Investor Relations" menu.

The Governance Committee consists of Messrs. Williams (Chair), Cohn and Clark. The Governance Committee develops and recommends to the Board corporate governance principles applicable to the Company, and otherwise assumes a leadership role in the corporate governance of the Company. The Governance Committee met twice during 2012.

The Risk Committee consists of Mr. Perry (Chair), Mr. Curtin, Mr. Golden and Ms. Nelson. The Risk Committee assists the Board with respect to oversight of the Company's risk: identification; measurement; control processes; and ongoing monitoring. The Risk Committee operates pursuant to a written charter. A current copy of the charter may be viewed on the Company's website at www.dime.com by clicking "About Us," then "Investor Relations," and then "Governance Documents" within the "Investor Relations" menu. The Risk Committee charter requires that it meet at least four times annually or more frequently as circumstances dictate. The Risk Committee met four times during the year ended December 31, 2012.

The Audit Committee consists of Messrs. Bergamo (Chair), Cohn, Golden and Perry. Messrs. Bergamo, Cohn, Golden and Perry are each independent as defined in Rule 5605(a)(2) and satisfy the independence criteria set forth in Rule 10A-3(b)(1) of the Exchange Act. The Board of Directors has determined that Messrs. Bergamo and Perry qualify as Audit Committee financial experts as defined in Item 407(d)(5) of SEC Regulation S-K. The Audit Committee is appointed by the Board of Directors of the Company to assist the Board in (1) monitoring the integrity of the financial statements of the Company, (2) monitoring Company compliance with legal and regulatory requirements and internal controls, (3) monitoring the independence and performance of the Company's internal and independent auditors, and (4) maintaining an open means of communication among the independent auditor, senior management, the internal auditors, and the Board. The Audit Committee operates pursuant to a written charter. A current copy of the charter may be viewed on the Company's website at www.dime.com. The Audit Committee charter requires that it meet at least four times annually or more frequently as circumstances dictate. The Audit Committee met five times during the year ended December 31, 2012.

Report of Audit Committee

The following Report of the Company's Audit Committee is provided in accordance with the rules and regulations of the SEC.

Under rules promulgated by the SEC, the Company is required to provide certain information regarding the activities of its Audit Committee. In fulfillment of this requirement, the Audit Committee, at the discretion of the Board, has prepared the following report for inclusion in the Proxy Statement:

1. The Audit Committee has reviewed and discussed the audited consolidated financial statements of the Company as of and for the year ended December 31, 2012 with management;

2. The Audit Committee has discussed with the independent auditors the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T;

3. The Audit Committee has received the written disclosures and the letter from the independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communication with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence; and

4. Based on the review and discussions referred to in paragraphs 1 through 3 above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 for filing with the SEC.

AUDIT COMMITTEE OF DIME COMMUNITY BANCSHARES, INC.

Anthony Bergamo, Chair
Steven D. Cohn, Member
Robert C. Golden, Member
Joseph J. Perry, Member

Directors' Compensation

Fee Arrangements. Fee arrangements in existence during the year ended December 31, 2012 were summarized as follows:

- Separate $15,000 semi-annual retainer fees paid in June and December to each Director in compliance with the Company's Director Retainer Policy.
- Meeting attendance fees of $1,500 for each of the monthly Company or Bank Board meetings attended by the Director. If the Boards of the Bank and the Company met on the same day, Directors received only one fee for both meetings;
- $1,000 for attendance at Committee meetings conducted on days when the full Board also meets. $1,250 for attendance at Committee meetings conducted on days when the full Board does not meet.
- $10,000 annual retainer fees paid in December to the respective Chairs of the Audit, Compensation and Risk Committees, provided such Chairs complied with the Company's Director Retainer Policy.
- $10,000 annual retainer fees paid in December to the Lead Director.
- $2,500 annual retainer fees paid in December to the Chair of the Governance Committee.

Directors' Retirement Plan. The Company has adopted the Retirement Plan for Board Members of Dime Community Bancshares, Inc. (the "Directors' Retirement Plan"), which provides benefits to each eligible non-employee Director ("Outside Director") commencing on termination of Board service at or after age 65. An eligible Outside Director retiring at or after age 65 will be paid an annual retirement benefit equal to the amount of the aggregate compensation for services as a Director (excluding stock compensation) paid to him or her for the 12-month period immediately prior to termination of Board service, multiplied by a fraction, the numerator of which is the number of years of service, up to a maximum of 10, as an Outside Director (including service as a Director or trustee of the Bank or any predecessor) and the denominator of which is 10. An individual who terminates Board service after having served as an Outside Director for 10 years may elect to begin collecting benefits under the Directors' Retirement Plan at or after attainment of age 55, however, the annual retirement benefits will be reduced pursuant to an early retirement reduction formula to reflect the commencement of benefit payments prior to age 65. An Outside Director may elect to have benefits distributed in any one of the following forms: (i) a single life annuity; (ii) a 50% or 100% joint and survivor annuity; or (iii) a single life annuity with a 5, 10, or 15 year guaranteed term. In the event that an Outside Director dies prior to the commencement of earned benefit payments under the Directors' Retirement Plan, a 50% survivor annuity will automatically be paid to his or her surviving spouse, unless the decedent has elected otherwise. This plan was frozen effective March 31, 2005.

2001 Stock Option Plan. The Dime Community Bancshares, Inc. 2001 Stock Option Plan for Outside Directors, Officers and Employees (the "2001 Stock Option Plan") was adopted by the Company's Board of Directors and subsequently approved by its shareholders at their annual meeting held in 2001. The 2001 Stock Option Plan reached its ten year anniversary in November 2011, and future awards are no longer permitted thereunder.

2004 Stock Incentive Plan. The Dime Community Bancshares, Inc. 2004 Stock Incentive Plan (the "2004 Stock Incentive Plan") was initially adopted by the Company's Board of Directors and subsequently approved by its shareholders at their annual meeting held in 2004. Amendment Number One to the 2004 Stock Incentive Plan was adopted by the Company's Board of Directors in March 2008 and subsequently approved by its shareholders at their annual meeting held in 2008. At December 31, 2012, 249,230 shares remained eligible for future grant to either Outside Directors or officers and employees of the Company and its subsidiaries under the 2004 Stock Incentive Plan. All 249,230 shares may be granted in the form of options; however, no more than 188,999 may be granted as restricted stock awards. During the year ended December 31, 2012, the eight current Outside Directors and Fred P. Fehrenbach and John J. Flynn, two Outside Directors that retired on May 24, 2012 (the "Retired Directors") were each granted 2,444 options under the 2004 Stock Incentive Plan. All of these options expire on April 30, 2022 and vest to the respective recipients on May 1, 2013. In addition, during the year ended December 31, 2012 a grant of 2,165 restricted stock awards was made to the eight current Outside Directors and the Retired Directors under the 2004 Stock Incentive Plan, all of which vest to the respective recipients on May 1, 2013.

Director Stock Purchase Plan. In 2012, the Company established the Dime Community Bancshares, Inc. Director Stock Purchase Plan (the "DSPP"). The DSPP permits Outside Directors to receive, in the form of Common Stock, all or any portion of Board, Committee Chair or Lead Director retainers that are otherwise payable in cash. Any election must be made during a period when open market trading by the Outside Director is permitted, and can only be changed or revoked during a similar period. All elections and changes are subject to Compensation Committee approval. Elections are limited to a specific calendar year, and therefore must be renewed and approved by the Compensation Committee each year. Under the DSPP, cash compensation is converted into shares of Common Stock based on the consolidated closing bid quotation for the Common Stock on the Nasdaq National Stock Market on the date on which the cash compensation would otherwise be paid.

The following table sets forth information regarding compensation earned by each Outside Director during the year ended December 31, 2012:

DIRECTOR COMPENSATION FOR FISCAL YEAR 2012

Name	Fees Earned and Paid in Cash (1)	Fees Earned and Paid in Stock (2)	Stock Awards (3)	Option Awards (4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (5)	All Other Compensation (6)	Total
Anthony Bergamo	$69,000	—	$30,000	$10,000	$ 7,393	$ 1,147	$117,540
George L. Clark, Jr.	69,500	—	30,000	10,000	—	1,147	110,647
Steven D. Cohn	60,500	—	30,000	10,000	46,926	1,147	148,573
Patrick E. Curtin	60,500	—	30,000	10,000	5,399	1,147	107,046
Fred P. Fehrenbach	22,000	—	30,000	10,000	—	1,147	63,147
John J. Flynn	18,000	—	30,000	10,000	—	1,147	59,147
Robert C. Golden	62,500	—	30,000	10,000	—	909	103,409
Kathleen M. Nelson	60,500	—	30,000	10,000	—	909	101,409
Joseph J. Perry	62,504	$10,000	30,000	10,000	—	1,147	113,651
Omer S. J. Williams	69,000	—	30,000	10,000	—	1,147	110,147

(1) Includes cash retainer payments, meeting fees, and committee and/or chairperson fees earned during the year, whether such fees were paid currently or deferred. Mr. Fehrenbach and Mr. Flynn retired effective May 24, 2012 and did not receive any such fees thereafter.

(2) For Mr. Perry, amount represents an election under the DSPP to receive his 2012 Risk Committee Chair retainer in the form of Common Stock. The amount reflected is the value on the December 19, 2012 grant date, computed as

715 shares multiplied by an award value of $13.98 per share (the Common Stock closing price on December 19, 2012).

(3) Represents the value of the award on the April 30, 2012 grant date, computed as 2,165 shares multiplied by an award value of $13.86 per share (the Common Stock closing price on April 30, 2012).

(4) Represents the value of the award on the April 30, 2012 grant date, computed as 2,444 shares multiplied by an award value of $4.0921 per share as determined using the Black-Scholes option pricing model. For more information concerning the assumptions used for the option value calculation, please refer to Note 15 to the audited consolidated financial statements included in the Company's 2012 Annual Report on Form 10-K.

(5) Includes for each individual the increase (if any) for the year in the present value of the individual's accrued benefit (whether or not vested) under each tax-qualified actuarial or defined benefit plan calculated by comparing the present value of each individual's accrued benefit under each such plan in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 715 as of the plan's measurement date in such fiscal year to the present value of the individual's accrued benefit as of the plan's measurement date in the prior fiscal year. The Outside Directors do not participate in any plan under which they can earn nonqualified deferred compensation.

(6) Amount represents dividends paid on unvested restricted stock awards that were granted on April 29, 2011 and April 30, 2012.

Executive Officers

The following individuals are executive officers of the Company and/or the Bank, holding the offices set forth opposite their names:

Name	Position Held
Vincent F. Palagiano	Chairman of the Board and CEO
Michael P. Devine	President and COO
Kenneth J. Mahon	Senior Executive Vice President ("SEVP") and CFO
Daniel J. Harris	EVP and Chief Lending Officer ("CLO")
Terence J. Mitchell	EVP and Chief Retail Officer ("CRTO")
Timothy B. King	EVP and Chief Risk Officer ("CRIO")
Michael Pucella	EVP and Chief Accounting Officer ("CAO")
Lance J. Bennett	EVP, General Counsel and Secretary

(1) Mr. King was appointed EVP and CRIO effective March 17, 2011. Prior thereto, he served as EVP and Chief Investment Officer ("CIO").

The executive officers are elected annually and hold office until their respective successors have been elected and qualified, or until death, resignation or removal by the Board of Directors. The Company has entered into Employment Agreements with certain of its executive officers which set forth the terms of their employment. See "Compensation Discussion and Analysis – Potential Payments Upon Termination and Change of Control."

Biographical information of the executive officers who are not Directors of the Company or Bank is set forth below.

Daniel J. Harris, age 56, has served as EVP and CLO of the Bank since January 2008. Prior to joining the Bank, Mr. Harris served as EVP & Chief Credit Officer at Hudson Valley Bank, a commercial bank and financial services company, and CEO of Lowestloan.com; a nationwide mortgage banker. Prior to those roles, Mr. Harris held senior positions at Credit Re Mortgage Capital, The Greater New York Savings Bank and Dollar Dry Dock Bank. Mr. Harris earned a Juris Doctor from St. John's University and previously practiced law, with a specialty in real estate, as an employee of Manufacturers Hanover Trust Co. as well as two New York law firms.

Terence J. Mitchell, age 60, has been an EVP and the CRTO of the Bank since December 2010. Mr. Mitchell oversees all retail banking operations, including Dime Direct (the Bank's call center), Marketing, Consumer Lending, Deposit Operations, Alternative Investments and Facilities. Mr. Mitchell was most recently EVP and Senior Market Leader for Sovereign Bank's New York and New Jersey metropolitan division. Prior to that, he served at Independence Community Bank for 32 years, rising to the position of EVP and President of Consumer Banking. Mr. Mitchell has served on the Boards of numerous not-for-profit organizations in the Brooklyn community.

Timothy B. King, age 54, has over 30 years of banking experience, and has been with the Bank since 1983. Mr. King was promoted to Treasurer of the Bank in 1989, Vice President of the Bank in 1993, Treasurer of the Company at its inception in 1995, First Vice President of both the Company and Bank in 1997, Senior Vice President of both the Company and the Bank in 1999 and EVP of both the Company and the Bank in 2008. In 2002, Mr. King was named the CIO of both the Company and Bank, overseeing the securities investment function of both entities. In March 2011, Mr. King was named the CRIO of both the Company and the Bank, in charge of oversight of all risk management functions of both entities.

Michael Pucella, age 59, was promoted to Comptroller of the Bank in 1989 and of the Company at its inception in 1995, Vice President of both the Company and Bank in 1996, First Vice President of both the Company and Bank in 1997, Senior Vice President of both the Company and the Bank in 1999, and EVP of both the Company and Bank in 2009. He currently serves as the CAO of both the Company and Bank, responsible for financial reporting, budgeting, corporate planning and tax administration. Mr. Pucella has been with the Bank since 1981, and has over 38 years of banking experience.

Lance J. Bennett, age 61, has been with the Bank and Company since 2002, and has over 24 years of banking experience. Mr. Bennett was hired as Vice President, General Counsel and Secretary of both the Company and Bank, and was promoted to First Vice President of both the Company and Bank in 2004, Senior Vice President of both the Company and Bank in 2007, and EVP of both the Company and Bank in 2011. He currently serves as General Counsel and Secretary of both the Company and Bank, responsible for all legal matters as well as corporate governance. He additionally oversees the Human Resources and corporate insurance functions of both the Company and Bank.

Compensation Discussion and Analysis

Introduction

Set forth below are: (i) a description of the Company's decision making process for compensating the Named Executive Officers, (ii) a discussion of the background and objectives of the Company's compensation programs for Named Executive Officers, and (iii) a description of the material elements of the compensation of each of the Named Executive Officers.

The descriptions of compensation plans, programs and individual arrangements referred to in the Compensation Discussion and Analysis that are governed by written documents are qualified in their entirety by reference to the full text of their governing documents. Other than broad-based plans applicable to substantially all salaried employees, these documents have been filed as exhibits to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 and are incorporated herein by this reference.

1. Objectives

The goals of the executive compensation program are to enable the Company to attract, develop and retain strong executive officers capable of maximizing the Company's performance for the benefit of its shareholders. The Company's executive compensation philosophy is, consistent with prudent banking business practices, to provide competitive target compensation opportunities with actual amounts earned commensurate with its financial performance and the generation of long-term value for shareholders through dividends and stock price appreciation. To accomplish these goals, the Company sets a base salary to provide a reasonable level of predictable base income and near- and long-term performance-based compensation to provide the Named Executive Officers with clear opportunities to increase the value of their compensation by positive contribution to stockholder interests. The pay elements are intended to balance an appropriate mix of risk and return. Annual incentive awards are designed to provide incentives to encourage efforts to attain near-term goals which do not encourage excessive risk taking. Longer term incentive and stock awards are structured to align the executive's interests with those of the Company's shareholders and serve to retain executives over the long term.

2. Key Elements of the Compensation Package

The Company's 2012 compensation program for Named Executive Officers consisted of three key elements:

- base salary to provide a reasonable level of recurring income;
- annual incentives to motivate the Named Executive Officers to achieve short-term operating objectives; and
- long-term incentives designed to retain talented employees and provide an incentive to maximize shareholder return in the longer term.

The Company additionally provides certain retirement plans, termination benefits, fringe benefits and perquisites, in some instances for a large group of employees and in others limited to one or more executives.

Base Salary. The Company seeks to pay competitive base salaries by establishing a median pay level approach (See "3. Material Policies and Procedures – Benchmarking and Survey Data" for further detail regarding the methods used to that end). Executive base salary levels are generally reviewed on an annual basis and adjusted as appropriate. The Company desires to compensate executives fairly while being sensitive to managing fixed costs.

For 2012, the Compensation Committee considered the prevailing market conditions and determined, with the input of Mercer, an independent, nationally recognized compensation consulting firm, to maintain base salaries at 2011 levels for the Named Executive Officers of the Company.

In 2012, base salaries for the Named Executive Officers were as follows:

Name	Resulting Annual Base Salary Rate
Vincent F. Palagiano	$710,000
Michael P. Devine	560,000
Kenneth J. Mahon	416,000

Daniel Harris	337,000
Terence Mitchell	325,000

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Salary decisions for the Named Executive Officers resulted from an assessment of the Company's 2011 performance within the context of a competitive compensation review produced by Mercer that evaluated corporate performance during 2011. Overall, the base salaries provided to the CEO, COO and CFO are within 10% (plus or minus) of the median of the twelve comparable sized and similarly located public banks and thrifts used by Mercer for comparison of both pay level and corporate performance (the "2011 Comparison Group"), while the base salaries provided to Messrs. Harris and Mitchell approximate the 75th percentile.

Annual Incentives. The Company maintains a formal, shareholder-approved Annual Incentive Plan ("AIP") under which the Named Executive Officers may be awarded the opportunity to earn an annual cash payment based on the degree of achievement of pre-determined, formulaic performance measures. For 2012, the Company used a goal attainment approach to determine annual incentive payments for Named Executive Officers. Under this approach, maximum annual incentive award opportunities of $486,938 and $360,150 were established for Mr. Palagiano and Mr. Devine, respectively, for threshold achievement of any of one four key measures, and a collective bonus pool was established for the remaining executive officers to provide competitive target cash compensation opportunities. Target represents the payout level for performance at expectation. A threshold opportunity for performance below which no award is paid was set at 50% of target and a maximum payout of 150% of target was set to reward superior performance. Target annual incentive percentages for the Named Executive Officers approximate median relative to levels obtained from the 2011 Comparison Group.

The award opportunities were then linked with performance outcomes. For 2012, performance was initially assessed on four equally weighted key measures: Core Earnings Per Share before credit costs ("Core EPS Before Credit Costs"), Reported Earnings Per Share ("Reported EPS"), Return on Average Stockholders' Equity ("Reported ROAE") and Core Return on Average Risk-weighted Assets. Results of these measures relative to the pre-established objectives were used to determine preliminary payout levels at the end of 2012. To balance incentives to achieve financial results against the need to discourage excessive risk-taking, the Compensation Committee also considered Company performance on supplemental measures, including efficiency ratio, non-performing assets, net charge-offs and capital ratios, relative to historical and peer company results. The Compensation Committee may exercise judgment to adjust the payout levels from the preliminary amounts based on its review of performance on supplemental or other relevant measures, but may not increase the payouts to Messrs. Palagiano or Devine above the pre-established maximums.

Performance measure results were as follows:

Key Measures	Threshold	Target	Superior	Result
Core EPS Before Credit Costs(1)	$1.11	$1.23	$1.35	$1.28
Reported EPS	$1.00	1.11	$1.22	1.17
Reported ROAE	9.05%	10.05%	11.05%	10.73%
Core Return on average risk-weighted assets (2)	1.14%	1.27%	1.40%	1.48%

(1) Core EPS Before Credit Costs reflects the following adjustments from Reported EPS:

Gain on the sale of equity mutual funds and real estate	$(0.23)
Prepayment fee income above Forecast	(0.16)
Prepayment expense on borrowings above Forecast	0.46
Credit costs	0.04
Total adjustment	$0.11

(2) Average risk-weighted assets is computed as the average of the Bank's period-end risk weighted assets as of December 31, 2012, September 30, 2012, June 30, 2012, March 31, 2012 and December 31, 2011, as reported on Schedule RC-R of the Bank's quarterly Call Report filed publicly with the Federal Deposit Insurance Corporation. Schedule RC-R reconciles the Bank's period-end stockholders' equity computed under Accounting Principles Generally Accepted in the U. S. ("GAAP"), with the period-end risk-weighted assets.

The Compensation Committee, in consideration of overall financial results and the aforementioned supplemental measures, approved payment amounts to Mr. Palagiano of $400,000 (123.2% of target payout, and 92.6% of payment calculation); and Mr. Devine of $300,000 (124.9% of target payout, and 93.9% of payment calculation). The approved payments to Mr. Mahon, Mr. Harris, and Mr. Mitchell were $200,000, $140,000, and $140,000, respectively. These bonus payments were analyzed as part of a collective bonus paid to the Company's remaining executive officer group. The aggregate bonus paid to this group of remaining executives totaled 125.7% of the target payout and 94.5% of the payment calculation. The aggregate calculated amount of $1.63 million represented 133.0% of target. As part of the continuing effort to control operating expenses, the Compensation Committee decided to pay out less than the full aggregate amount. Payments aggregating $1,530,000 were approved compared to $1,630,000 permitted under the plan.

Long-Term Incentives - Vincent F. Palagiano. The 2008 amendments to the 2004 Stock Incentive Plan increasing the number of shares available provide that Mr. Palagiano is ineligible to receive stock options or awards under that plan. Instead, the Company has adopted a cash-based, multi-year long-term incentive plan in which Mr. Palagiano is eligible to participate. The amendment was designed to provide a competitive long-term incentive arrangement instead of the opportunities that Mr. Palagiano would otherwise have received under the 2004 Stock Incentive Plan. The plan enhances overall pay for performance since the value earned relates directly to the Company's performance on selected key metrics. The period for measurement of the grant awarde