

July 13, 1999

Board of Trustees
The Oswego County Savings Bank
44 East Bridge Street
Oswego, New York 13126

Dear Members of the Board:

The notice of intent to convert from mutual to stock form filed on behalf of The Oswego County Savings Bank, Oswego, New York, has been reviewed by the Federal Deposit Insurance Corporation ("FDIC") pursuant to the FDIC's regulations at 12 C.F.R. Sections 303.163 and 333.4. Based on the information and representations presented, the FDIC poses no objection to the proposed conversion transaction.

Please notify our New York Regional Office in writing when the proposed transaction has been consummated.

Sincerely,

/s/

James L. Sexton
Director

cc: John P. Soukenik, Esq.
Elias, Matz, Tiernan & Herrick, L.L.P.
734 15th Street, N.W.
8th Floor
Washington, D.C. 20005

FEDERAL DEPOSIT INSURANCE CORPORATION

The Oswego County Savings Bank
Oswego, New York

Application for Consent to Merge
to facilitate a conversion from a
Mutual Savings Bank to a Stock Savings Bank

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 18(c) and other provisions of the Federal Deposit Insurance Act ("FDI Act"), an application has been filed on behalf of The Oswego County Savings Bank, Oswego, New York ("Oswego County"), a New York-chartered mutual savings bank, for the FDIC's consent to merge with an interim New York-chartered stock savings bank. Oswego County is a Bank Insurance Fund (BIF) member with total resources of \$110,965,000 and total deposits of \$98,037,000 as of December 31, 1998.

This filing was made in connection with "The Oswego County Savings Bank Plan of Reorganization from a Mutual Savings Bank to a Mutual Holding Company and Stock Issuance Plan" (the "Plan"). Pursuant to the Plan, Oswego County proposes to: (i) merge with the interim stock savings bank and result in the Stock Bank that will succeed to all the rights and obligations of Oswego County; (ii) establish a mid-tier Delaware stock holding company, Oswego County Bancorp, Inc. ("Bancorp"), which will own 100 percent of the common stock of the Stock Bank; and (iii) establish a New York mutual holding company, Oswego County Bancorp, MHC ("MHC"), which will own 53.17 percent of the common stock of Bancorp. Concurrently with the reorganization, Bancorp intends to offer for sale 45.03 percent of its common stock on a priority basis to qualifying depositors and to tax-qualified employee stock benefit plans. The remaining 1.80 percent will be used to fund a charitable foundation ("Foundation"). Following the consummation of the merger, the Stock Bank will operate the same banking business, with the same management, at the same locations now being served by Oswego County. The proposed transaction per se will not alter the competitive structure of banking in the market currently served by Oswego County. Oswego County's principal office will remain at 44 East Bridge Street, Oswego, New York. Notice of the proposed transaction, in a form approved by the FDIC, has been published pursuant to the FDI Act.

A review of available information, including the Community Reinvestment Act ("CRA") Statement of Oswego County discloses no inconsistencies with the purposes of the CRA. The bank is expected to continue to meet the credit needs of its entire community, consistent with safe and sound operation of the institution.

In connection with the application, the FDIC has taken into consideration the financial and managerial resources and future prospects of the resultant bank, and the convenience and needs of the community to be served. Having found favorably on these statutory factors and having considered other relevant information, including any reports on the competitive factors furnished by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the

Office of Thrift Supervision, or the Attorney General of the United States, it is the FDIC's judgement that the application should be and hereby is approved, subject to the following conditions:

- (1) The Foundation's organizers shall commit to the following oversight provisions:
 - (a) Common stock of Bancorp held by the Foundation shall be voted by the Foundation at the same ratio as the shares voted on each and every proposal considered by the stockholders of Bancorp, excluding the shares voted by the MHC;
 - (b) The Foundation shall be subject to examination by the FDIC;
 - (c) The Foundation shall comply with all supervisory directives imposed by the FDIC;
 - (d) The Foundation shall operate in accordance with written policies adopted by the Foundation's board of directors, including adopting a conflict of interest policy acceptable to the FDIC; and
 - (e) The Foundation shall provide a proposed operating plan prior to conversion and annual reports to the FDIC describing the grants made and grant recipients.
- (2) The proposed transaction may not be consummated unless the Plan receives prior approval by an affirmative vote of a majority of the votes eligible to be cast at a special meeting of Oswego County's voting participants;
- (3) The proposed transaction may not be consummated unless and until the FDIC issues a nonobjection letter to the Notice filed on behalf of the applicant pursuant to section 303.15 of the FDIC's Rules and Regulations concerning the mutual-to-stock conversion portion of this transaction;
- (4) The proposed transaction may not be consummated unless and until the resultant bank has authority to conduct a banking business, and that its establishment and operation as a stock savings bank have been fully approved by the New York State Banking Department, and that the applications by Bancorp and MHC to become bank holding companies are approved by the Board of Governors of the Federal Reserve System;
- (5) That any changes in proposed management, including the board of directors or proposed ownership (10 percent or more of the stock and new acquisitions of or subscriptions to 10 percent or more of the stock), will render this approval null and void unless such proposal is approved by the Regional Director (Supervision) of the FDIC's New York Regional Office prior to the consummation of the proposed transaction;

- (6) The transaction being consummated not less than fifteen calendar days after the date of this Order or later than six months after the date of the Order, unless such period is extended for good cause by the FDIC;
- (7) That prior to a sale, transfer, or disposition of any shares of Bancorp by MHC to any person (including any Employee Stock Ownership Plan), or a conversion of the MHC to stock form, MHC will provide written notification to the FDIC with copies of all documents filed with state and federal banking and/or securities regulators in connection with any such sale, transfer, disposition, or conversion;
- (8) That, should any shares of the stock of Bancorp or the Stock Bank be issued to persons other than MHC, any dividends waived by MHC must be retained by Bancorp or the Stock Bank and segregated, earmarked, or otherwise identified on the books and records of Bancorp or the Stock Bank; such amounts must be taken into account in any valuation of the institution and factored into the calculation used in establishing a fair and reasonable basis for exchanging shares in any subsequent conversion of MHC to stock form; and such amounts shall not be available for payment to or the value thereof transferred to minority shareholders, by means including through dividend payments or at liquidation; and
- (9) Until the proposed transaction is consummated, the FDIC has the right to alter, suspend, or withdraw its approval should any interim development be deemed to warrant such action.

By Order of the Director of the Division of Supervision pursuant to the delegated authority of the Board of Directors.

Dated at Washington, D.C., this 14 day of May, 1999.

/S/

James L. Sexton
Director