

INDEPENDENT BANK CORP

Form S-4

April 08, 2004

As filed with the Securities and Exchange Commission on April 8, 2004

Registration No. 333-

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

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**Form S-4**  
**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

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**Independent Bank Corp.**

*(Exact name of registrant as Specified in its Charter)*

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**Massachusetts**  
*(State or other Jurisdiction of  
Incorporation or Organization)*

**6036**  
*(Primary Standard Industrial  
Classification Code Number)*

**04-2870273**  
*(I.R.S. Employer  
Identification No.)*

**288 Union Street**

**Rockland, Massachusetts 02370**  
**(781) 878-6100**

*(Address, including zip code, and telephone number, including area code, of Registrant's Principal Executive Offices)*

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**Denis K. Sheahan**  
**Chief Financial Officer and Treasurer**  
**Edward H. Seksay, Esq.**  
**General Counsel**  
**Independent Bank Corp.**  
**288 Union Street**  
**Rockland, Massachusetts 02370**  
**(781) 878-6100**

*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

---

*With copies to:*

**William P. Gelnaw, Jr., Esq.**  
**James A. McDaniel, Esq.**  
**Choate, Hall & Stewart**  
**53 State Street**  
**Boston, Massachusetts 02109**  
**(617) 248-5000**

**Richard A. Schaberg, Esq.**  
**Thacher Proffitt & Wood LLP**  
**1700 Pennsylvania Avenue, N.W.**  
**Washington, D. C. 20006**  
**(202) 347-8400**

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the Registration Statement becomes effective and the completion of the Arrangement as described herein.

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

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If this form is filed to register additional Securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(2)
Common Stock, no par value	587,026	\$38.00 per share	\$17,427,294	\$2,210.00
Preferred Stock purchase rights(3)	N/A	N/A	N/A	N/A

- (1) Represents the maximum number of shares of Independent Bank Corp. common stock estimated to be issuable upon the consummation of the merger of Falmouth Bancorp, Inc. with and into INDB Sub, Inc., a wholly owned subsidiary of Independent Bank Corp., based on the number of shares of Falmouth Bancorp, Inc. common stock, \$0.01 per share par value, outstanding as of February 20, 2004 (917,227) (the Falmouth Common Stock ) and an exchange ratio of 1.28 (for-one half of the Falmouth Common Stock).
- (2) Pursuant to Rules 457(c) and Rule 457(f) under the Securities Act of 1933, as amended (Securities Act), the registration fee is based on the average of the high and low sales prices of Falmouth Bancorp, Inc. common stock as reported on the American Stock Exchange on April 2, 2004 (\$38.00), and based upon the estimated maximum number of such shares (917,227) that may be converted into the right to receive the Independent Bank Corp. common stock being registered and/or cash pursuant to the terms of the merger agreement, reduced by the maximum amount of cash (\$17,427,332) to be paid by the Registrant for such shares.
- (3) Independent Bank Corp. preferred stock purchase rights will be distributed without charge with respect to each share of common stock of the Registrant registered hereby.

**THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.**

**FALMOUTH BANCORP, INC.**

20 Davis Straits  
Falmouth, Massachusetts 02540

(508) 548-3500

, 2004

Dear stockholders:

You are cordially invited to attend a special meeting of stockholders of Falmouth Bancorp, Inc. to be held at \_\_\_\_\_, local time, on \_\_\_\_\_, 2004, at the main office of the bank, 20 Davis Straits, Falmouth, Massachusetts 02540. At the special meeting, you will be asked to consider and vote upon a proposal to approve an agreement and plan of merger pursuant to which Falmouth will merge with a wholly owned subsidiary of Independent Bank Corp., a Massachusetts corporation with its principal place of business in Rockland, Massachusetts ( INDB ).

**If the merger agreement is approved and the merger is subsequently completed, each outstanding share of Falmouth common stock will be converted into the right to receive either \$38.00 in cash or 1.28 shares of INDB common stock, plus cash in lieu of any fractional share interest.** You will have the opportunity to elect to receive all cash, all stock or a combination of cash and stock for your shares of Falmouth common stock, subject to allocation procedures designed to ensure that 50% of the shares of Falmouth common stock will be converted into the right to receive shares of INDB common stock and 50% will be converted into the right to receive cash. You will receive a separate mailing that will contain instructions for making your election.

INDB common stock is listed on The Nasdaq National Market under the symbol INDB. On \_\_\_\_\_, 2004, the closing sales price of a share of INDB common stock was \$ \_\_\_\_\_.

The merger cannot be completed unless the holders of a majority of the outstanding shares of Falmouth common stock, voting in person or by proxy, vote in favor of approval of the merger agreement and the merger at the special meeting.

Stockholders who do not receive any cash in exchange for their shares of Falmouth common stock will generally not be taxed on the exchange. However, stockholders generally will be taxed to the extent they receive cash in exchange for their shares of Falmouth common stock or instead of any fractional share of INDB common stock that they would otherwise be entitled to receive.

Based on our reasons for the merger described herein, including the fairness opinion issued by our financial advisor, Trident Securities, a division of McDonald Investments, Inc., our board of directors believes that the merger is advisable, in your best interests and on terms that are fair to you. Accordingly, our board of directors unanimously recommends that you vote **FOR** approval of the merger agreement and the merger.

**Your vote is very important.** Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card. If you do not vote in person or by proxy the effect will be a vote against the proposal to approve the merger agreement.

Following this letter you will find a formal notice of the special meeting and a proxy statement/ prospectus providing you with detailed information concerning the merger agreement, INDB and Falmouth. Please give all the information contained or incorporated by reference in the proxy statement/ prospectus your careful attention. **Please give particularly careful consideration to the discussion in the section entitled Risk Factors beginning on page 23 of the attached proxy statement/ prospectus.**

We look forward to your support.

Sincerely,

Santo P. Pasqualucci  
*President and Chief Executive Officer*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the INDB common stock to be issued in the merger or determined if this document is accurate or adequate. Any representation to the contrary is a criminal offense. The shares of INDB common stock are not savings accounts, deposits or other obligations of any bank or savings**

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**association and are not insured by any federal or state governmental agency.**

This proxy statement/ prospectus is dated \_\_\_\_\_, 2004, and was first mailed to

stockholders of Falmouth on or about \_\_\_\_\_, 2004.

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**REFERENCE TO ADDITIONAL INFORMATION**

This proxy statement/ prospectus incorporates important business and financial information about INDB and Falmouth from other documents that are not included in, or delivered with, this proxy statement/ prospectus. This information is available to you without charge upon your written or oral request. We have listed the documents containing this information on page 115. You can obtain these documents relating to INDB or any documents referred to in this proxy statement/ prospectus relating to Falmouth, by requesting them in writing or by telephone from the appropriate company at the following addresses:

Independent Bank Corp.  
288 Union Street  
Rockland, Massachusetts 02370  
Attention: Edward H. Saksay, General Counsel  
(781) 982-6130

Falmouth Bancorp, Inc.  
20 Davis Straits  
Falmouth, Massachusetts 02540  
Attention: Jeanne E. Alves, Secretary  
(508) 548-3500

**If you would like to request documents, you must do so no later than \_\_\_\_\_, 2004 in order to receive them before Falmouth's special meeting of stockholders. You will not be charged for any of these documents that you request.**

For additional information regarding where you can find information about INDB and Falmouth, please see the section entitled "Where You Can Find More Information" beginning on page 114 of this proxy statement/ prospectus. The information contained in this proxy statement/ prospectus with respect to INDB and its subsidiaries was provided by INDB and the information contained in this proxy statement/ prospectus with respect to Falmouth and its subsidiaries was provided by Falmouth.

For information on submitting your proxy, please refer to the instructions on the enclosed proxy card.

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## FALMOUTH BANCORP, INC.

20 Davis Straits  
Falmouth, Massachusetts 02540  
(508) 548-3500

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### NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

**Date:** , 2004  
**Time:** , local time  
**Place:** Falmouth Bank  
20 Davis Straits  
Falmouth, Massachusetts 02540

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At our Special Meeting, we will ask you to:

Consider and vote upon a proposal to approve the agreement and plan of merger dated as of January 8, 2004, among Falmouth Bancorp, Inc., Independent Bank Corp. and INDB Sub, Inc., a copy of which is attached as *Annex A* to the accompanying proxy statement/prospectus, and to approve the merger as contemplated by the merger agreement;

Consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement; and

Transact any other business as may properly come before the special meeting or any adjournment or postponement of the special meeting. Only holders of record of Falmouth common stock at the close of business on , 2004 will be entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of the special meeting.

You will be entitled to have your shares purchased by INDB for cash at their fair market value if you file written notice with Falmouth of your intention to exercise your appraisal rights prior to the special meeting, you do not vote in favor of the merger agreement and you follow the procedures of Section 262 of the Delaware General Corporation Law described in *THE MERGER Dissenter's Rights of Appraisal* in the accompanying document. A copy of Section 262 is attached as *Annex D* to this document.

**Our board of directors has determined that the merger agreement is advisable, in the best interests of Falmouth stockholders and on terms that are fair to Falmouth stockholders and unanimously recommends that stockholders vote FOR approval of the merger agreement and the merger.**

**Your vote is very important.** Even if you plan to be present at the special meeting, please promptly complete, sign, date and return your proxy card in the enclosed envelope. Failure to vote your shares will have the same effect as a vote against the merger agreement.

By Order of the Board of Directors

Jeanne Alves  
*Secretary*

Falmouth, Massachusetts  
, 2004

**Please do not send your stock certificates at this time. If the merger is completed you will be sent instructions regarding the surrender of your stock certificates.**

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TABLE OF CONTENTS

	<u>Page</u>
<u>QUESTIONS AND ANSWERS</u>	1
<u>SUMMARY</u>	4
<u>Parties to the Proposed Merger</u>	4
<u>You May Elect to Receive Cash, Shares of INDB Common Stock or a Combination of Stock and Cash</u>	5
<u>When and How to Choose the Method of Payment for Your Falmouth Shares</u>	7
<u>Federal Tax Consequences of the Merger</u>	8
<u>Opinion of Falmouth's Financial Advisor</u>	8
<u>Recommendation of the Board of Directors</u>	8
<u>Date, Time and Location of the Special Meeting</u>	9
<u>Record Date and Voting Rights for the Special Meeting</u>	9
<u>Vote Required to Approve the Merger Agreement</u>	9
<u>Stock Held by Management of Falmouth</u>	9
<u>INDB and Falmouth Must Meet Several Conditions to Complete the Merger</u>	9
<u>Regulatory Approvals Required to Complete the Merger</u>	10
<u>INDB and Falmouth May Terminate the Merger Agreement</u>	10
<u>INDB and Falmouth May Amend and Extend the Merger Agreement</u>	11
<u>Interests of Falmouth's Directors and Executive Officers in the Merger</u>	11
<u>Falmouth is Prohibited from Soliciting Other Offers</u>	12
<u>Accounting Treatment of the Merger</u>	12
<u>Rights of Stockholders of INDB and Falmouth Differ</u>	12
<u>Termination Payments</u>	13
<u>The Shares of INDB Common Stock to be Issued in the Merger will be listed on NASDAQ</u>	13
<u>Falmouth Stockholders Will Have Dissenters' Rights</u>	13
<u>Independent Bank Corp. Selected Consolidated Financial Data</u>	14
<u>Falmouth Bancorp. Inc. Selected Consolidated Financial Data</u>	16
<u>Comparative Historical and Pro Forma Per Share Data</u>	18
<u>Comparative Per Share Market Price Data and Dividend Information</u>	20
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	21
<u>RISK FACTORS</u>	23
<u>INFORMATION ABOUT THE COMPANIES</u>	29
<u>FALMOUTH BANCORP, INC.</u>	29
<u>INDEPENDENT BANK CORP.</u>	29
<u>INDB SUB, INC.</u>	30
<u>THE SPECIAL MEETING</u>	30
<u>Time and Place</u>	30
<u>Matters to be Considered</u>	30
<u>Shares Outstanding and Entitled to Vote; Record Date</u>	31
<u>How to Vote Your Shares</u>	31
<u>Quorum; Votes Required</u>	31
<u>Solicitation of Proxies</u>	32



	<u>Page</u>
<u>Recommendation of the Falmouth Board of Directors</u>	33
<u>ESOP Participants</u>	33
<u>Recognition and Retention Plan</u>	33
<u>THE MERGER (Proposal 1)</u>	34
<u>General</u>	34
<u>Background of the Merger</u>	34
<u>Falmouth's Reasons for the Merger; Recommendation of Falmouth's</u>	
<u>Board of Directors</u>	36
<u>Opinion of Falmouth's Financial Advisor</u>	37
<u>INDB's Reasons for the Merger</u>	42
<u>Post-Closing Capitalization</u>	42
<u>Accounting Treatment</u>	42
<u>Restrictions on Resale of INDB Common Stock by Affiliates</u>	43
<u>Delisting and Deregistration of Falmouth Common Stock Following the</u>	
<u>Merger</u>	43
<u>Listing of INDB Common Stock to be Issued in the Merger</u>	43
<u>Falmouth Stockholders Will Have Dissenters' Rights</u>	43
<u>The Merger Agreement</u>	46
<u>Directors and Officers of INDB and Rockland Trust Company following</u>	
<u>the Merger and the Bank Merger</u>	67
<u>Interests of Certain Persons in the Merger</u>	67
<u>Certain Employee Matters</u>	69
<u>Bank Merger</u>	70
<u>Federal Income Tax Consequences</u>	70
<u>Operations of INDB After the Merger</u>	72
<u>INFORMATION ABOUT FALMOUTH</u>	74
<u>Description of the Business</u>	74
<u>Description of Property</u>	86
<u>Legal Proceedings</u>	86
<u>Market for Falmouth's Common Stock and Related Stockholder Matters</u>	86
<u>Management's Discussion and Analysis of Financial Condition and</u>	
<u>Results of Operations</u>	87
<u>DESCRIPTION OF INDB CAPITAL STOCK</u>	104
<u>INDB Common Stock</u>	104
<u>INDB Preferred Stock</u>	104
<u>Other Provisions</u>	105
<u>Transfer Agent</u>	105
<u>COMPARISON OF THE RIGHTS OF STOCKHOLDERS</u>	105
<u>Authorized Capital Stock</u>	105
<u>Voting Rights</u>	106
<u>Stockholder Rights Plan</u>	106
<u>Election, Number, and Classification of Directors</u>	108
<u>Filling Vacancies on the Board of Directors and Removal of Directors</u>	108
<u>Duties of Directors in Evaluating Offers</u>	109
<u>Exculpation of Directors and Officers</u>	109
<u>Indemnification of Directors and Officers</u>	109
<u>Special Meetings of Stockholders</u>	110

	<u>Page</u>
<u>Stockholder Nominations</u>	110
<u>Stockholder Proposals</u>	111
<u>Stockholder Action without a Meeting</u>	111
<u>Amendment of Governing Instruments</u>	111
<u>Mergers, Consolidations and Sales of Assets</u>	112
<u>State Anti-Takeover Statutes</u>	113
<u>ADJOURNMENT OF SPECIAL MEETING (Proposal 2)</u>	114
<u>LEGAL MATTERS</u>	114
<u>EXPERTS</u>	114
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	114
<u>STOCKHOLDER PROPOSALS</u>	116
<u>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</u>	F-1
ANNEXES	
<u>Annex A Agreement and Plan of Merger dated as of January 8, 2004 among INDB, INDB Sub, Inc. and Falmouth Bancorp, Inc.</u>	A-1
<u>Annex B Form of Voting Agreement</u>	B-1
<u>Annex C Opinion of Trident Securities, a division of McDonald Investments, Inc.</u>	C-1
<u>Annex D Section 262 of the Delaware General Corporation Law</u>	D-1

QUESTIONS AND ANSWERS

**Q: What am I being asked to vote on?**

A: You are being asked to vote to approve a merger agreement among Independent Bank Corp., Falmouth Bancorp, Inc. and INDB Sub, Inc., a newly-formed, wholly-owned subsidiary of INDB, and the merger as contemplated by the merger agreement. As a result of the merger, Falmouth will become a subsidiary of INDB.

**Q: What will I receive in the merger? (See page 46)**

A: If the merger is completed, each share of Falmouth common stock will be converted into the right to receive either \$38.00 in cash or 1.28 shares of INDB common stock, plus cash in lieu of any fractional share interest. You may elect to exchange your shares of Falmouth common stock for all stock, all cash or a combination of stock and cash. However, the merger agreement provides that 50% of the total number of outstanding shares of Falmouth common stock will be converted into the right to receive INDB common stock and 50% will be converted into the right to receive cash. Therefore, you may not receive exactly the form of consideration that you request.

**Q: How do I elect to receive cash, stock or a combination of cash and stock for my Falmouth stock? (See page 48)**

A: Instructions for making your election and for returning your Falmouth stock certificates will be sent to you by the exchange agent. **Do not return your Falmouth stock certificates with your proxy card.** Instead, please use the envelope that accompanies the election form provided to you by the exchange agent for your stock certificates and the election form. If you do not make a timely election, you will receive INDB common stock and/or cash depending on the elections made by other Falmouth stockholders.

**Q: How does the Falmouth board of directors recommend that I vote? (See page 33)**

A: The Falmouth board of directors unanimously recommends that you vote **FOR** approval of the merger agreement and the merger.

**Q: What vote of Falmouth stockholders and what vote of INDB stockholders is required in connection with the merger? (See page 51)**

A: The affirmative vote of the holders of at least a majority of the outstanding shares of Falmouth entitled to vote on the approval of the merger agreement and the merger is required to approve the merger agreement and the merger. No vote of INDB stockholders is required (or will be sought) in connection with the merger.

**Q: Can the number of shares of INDB common stock to be issued in the merger for each share of Falmouth common stock change between now and the time the merger is completed? (See page 47)**

A: No, except under limited circumstances. The exchange ratio is a fixed ratio, which means that it will not change if the trading price of the INDB common stock changes between now and the time the merger is completed. Therefore, the market value of the INDB common stock you will receive in the merger may increase or decrease depending upon the price of the INDB common stock. However, if the price of the INDB common stock declines by more than 20% and underperforms a peer group by more than 20% during a designated measurement period, Falmouth may terminate the merger agreement unless INDB elects to increase the number of shares to be issued to holders of Falmouth common stock who are to receive shares of INDB common stock in the merger. For more information, see the sections entitled **Risk Factors** beginning on page 23 of this proxy statement/ prospectus and **The Merger** **The Merger Agreement** **Termination and Amendment** beginning on page 61 of this proxy statement/ prospectus.

In the event of a stock split, stock dividend or other similar event prior to the merger, the exchange ratio will be adjusted to provide Falmouth stockholders with the same economic benefit as contemplated by the merger agreement.

**Q: When will I receive shares of INDB common stock or cash? (See page 49)**

A: Shortly after the merger is completed, the exchange agent will allocate cash and INDB common stock among Falmouth stockholders, consistent with their elections and the allocation and proration procedures in the merger agreement. Your shares of INDB common stock and/or cash will be sent to you after the allocation is completed, subject to your adherence to the procedures set forth in this proxy statement/ prospectus, including proper delivery of certificates.

**Q: Will I be able to trade the INDB common stock that I receive in the merger? (See page 43)**

A: Yes. The INDB common stock issued in the merger will be registered with the Securities and Exchange Commission and listed on The Nasdaq National Market under the symbol INDB. All shares of INDB common stock that you receive in the merger will be freely transferable unless you are deemed to be an affiliate of Falmouth prior to the completion of the merger or an affiliate of INDB after the completion of the merger, or your shares are subject to other contractual restrictions. Shares of INDB common stock received by persons deemed to be affiliates in the merger may only be sold in compliance with Rule 145 under the Securities Act or as otherwise permitted under the Securities Act.

**Q: When is the merger expected to be completed? (See page 61)**

A: We expect to complete the merger as soon as practicable after Falmouth and INDB receive all applicable regulatory and stockholder approvals and all applicable waiting periods have expired, which we expect to occur during the third calendar quarter of 2004. However, we cannot be certain when these events will take place or when the merger will occur.

**Q: How much of the combined company will Falmouth stockholders own? (See page 42)**

A: After the merger, Falmouth stockholders will own approximately 3.85% of the INDB common stock (based on shares outstanding as of the date of this proxy statement/ prospectus).

**Q: What are the tax consequences of the merger to the Falmouth stockholders? (See page 70)**

A: The conversion of shares of Falmouth common stock solely into INDB common stock in the merger will be a tax-free reorganization for federal income tax purposes. Accordingly, Falmouth stockholders will generally not recognize any gain or loss for federal income tax purposes on the conversion of their Falmouth common stock into INDB common stock in the merger. However, Falmouth stockholders will generally be taxed to the extent they receive cash in exchange for their shares of Falmouth common stock or instead of any fractional share of INDB common stock that they would otherwise be entitled to receive. Because the tax consequences of receiving cash will differ from the tax consequences of receiving stock, you should carefully read the tax information in the section of this proxy statement/ prospectus entitled The Merger Federal Income Tax Consequences beginning on page 70 and consult your own tax advisors.

**Q: What do I need to do now?**

A: After you have carefully read this proxy statement/ prospectus, indicate on your proxy card how you want your shares to be voted. Then complete, sign, date and mail your proxy card in the enclosed prepaid return envelope as soon as possible. This will enable your shares to be represented and voted at the special meeting.

**Q: Why is my vote important?**

A: If you do not return your proxy card or vote in person at the special meeting, it will be more difficult for Falmouth to obtain the necessary quorum to hold the special meeting. In addition, the failure of a Falmouth stockholder to vote, by proxy or in person, will have the same effect as a vote against the merger agreement and the merger. The merger must be approved by the holders of a majority of the outstanding shares of Falmouth common stock entitled to vote at the special meeting.

**Q: If my shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee automatically vote my shares for me? What if I fail to instruct my broker, bank or other nominee?**

A: If your broker, bank or other nominee holds shares that you own in street name, the broker may vote your shares if the broker receives instructions from you. If your broker does not vote on any of the proposals, this will constitute a broker non-vote. For purposes of voting on the proposal to approve the merger agreement, a broker non-vote will have the same effect as a vote against the merger. For purposes of voting on the proposal to adjourn the meeting, broker non-votes will be treated as shares that are not represented and will have no effect on the outcome of the votes.

**Q: Can I attend the meeting and vote my shares in person?**

A: Yes. All stockholders are invited to attend the special meeting. However, if you hold your shares in street name, you will need proof of ownership to be admitted. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. Only stockholders of record on \_\_\_\_\_, 2004 can vote in person at the special meeting. If your shares are held in street name, then you are not the stockholder of record and you must ask your broker, bank or other nominee how you can vote at the special meeting.

**Q: Can I change my vote?**

A: Yes. If you have not voted through your broker, bank or other nominee, there are three ways you can change your vote after you have submitted your proxy:

First, you may send a written notice to the Secretary of Falmouth, stating that you would like to revoke your proxy before the special meeting.

Second, you may complete and submit a new proxy card. The latest vote actually received by Falmouth before the special meeting will be counted, and any earlier proxies will be revoked automatically.

Third, you may attend the special meeting and vote in person. Any earlier proxy will thereby be revoked. However, simply attending the special meeting without voting will not revoke your proxy.

If you have instructed a broker, bank or other nominee to vote your shares, you must follow directions you receive from your broker, bank or other nominee to change your vote.

**Q: Can I submit my proxy by telephone or over the Internet?**

A: If you hold shares directly, then you may not vote by telephone or over the Internet. If you hold your shares through a bank or brokerage firm, you may be able to submit your proxy by telephone or over the Internet. You should refer to the proxy card provided by your bank or brokerage firm for instructions about how to vote. If you vote by telephone or over the Internet, you do not need to complete and mail your proxy card.

**Q: Whom should I call with questions?**

A: You should call Georgeson Shareholder Communications, Inc. at (800) 501-4330 with any questions about the merger and related transactions.

## SUMMARY

*This summary highlights selected information from this proxy statement/prospectus. It does not contain all of the information that is important to you. We urge you to read carefully the entire proxy statement/prospectus and other documents to which we refer in order to understand fully the merger and the related transactions. In particular, you should read the annexes attached to this proxy statement/prospectus, including the merger agreement, which is attached to this proxy statement/prospectus as Annex A. We have included page references in parentheses to direct you to a more complete description of the topics presented in this summary. In addition, INDB incorporates by reference into this proxy statement/prospectus important business and financial information. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled "Where You Can Find More Information" beginning on page 114 of this proxy statement/prospectus.*

*Throughout this proxy statement/prospectus, Falmouth, we and our refer to Falmouth Bancorp, Inc.; Falmouth Co-operative Bank and Falmouth Bank refer to our banking subsidiary, Falmouth Co-operative Bank; INDB refers to Independent Bank Corp.; INDB Sub, Inc. refers to INDB's wholly owned subsidiary, INDB Sub, Inc.; and Rockland Trust Company refers to INDB's banking subsidiary, Rockland Trust Company. Also, we refer to the merger between Falmouth and INDB Sub, Inc. as the merger, the merger between Falmouth Co-operative Bank and Rockland Trust Company as the bank merger and the agreement and plan of merger, dated as of January 8, 2004, by and among INDB, INDB Sub, Inc. and Falmouth as the merger agreement.*

### Parties to the Proposed Merger

#### **FALMOUTH BANCORP, INC.**

**20 Davis Straits  
Falmouth, Massachusetts 02540  
(508) 548-3500  
[www.falmouthbank.com](http://www.falmouthbank.com)**

Falmouth is a Delaware corporation and a registered bank holding company under the Bank Holding Company Act of 1956, as amended. Falmouth conducts business from its executive offices in Falmouth, Massachusetts. Falmouth's principal asset is all of the capital stock of Falmouth Co-operative Bank, a Massachusetts-chartered co-operative bank in stock form.

Through Falmouth Co-operative Bank, Falmouth is principally engaged in the business of attracting deposits from the general public, borrowing funds and investing those deposits and funds. Falmouth has emphasized various types of residential and commercial real estate loans, commercial loans, residential construction loans, consumer loans and investments in securities. At December 31, 2003, Falmouth had consolidated assets of \$158.1 million and consolidated stockholders' equity of \$17.9 million.

For more information on the business of Falmouth, please refer to the section entitled "Information About Falmouth" beginning on page 74 of this proxy statement/prospectus. Please refer to the section of this proxy statement/prospectus entitled "Where You Can Find More Information" on page 114 in order to find out where you can obtain copies of Falmouth's Annual Report on Form 10-KSB/A for the fiscal year ended September 30, 2003, filed with the SEC on April 7, 2004 and Falmouth's Quarterly Report on Form 10-QSB/A for the period ended December 31, 2003, filed with the SEC on April 7, 2004, as well as other documents Falmouth files with the Securities and Exchange Commission.

**INDEPENDENT BANK CORP.**

**288 Union Street  
Rockland, Massachusetts 02370  
(781) 878-6100  
www.rocklandtrust.com**

INDB is a Massachusetts corporation and is registered with the Board of Governors of the Federal Reserve System as a bank holding company under the Bank Holding Company Act of 1956, as amended. INDB conducts business from its executive offices in Rockland, Massachusetts. INDB's principal assets are all of the capital stock of Rockland Trust Company, a Massachusetts-chartered trust company.

Rockland Trust Company's principal business consists of commercial banking, retail banking, and investment management services. Rockland Trust Company derives its revenues from a wide range of banking services including lending activities, acceptance of demand, savings and time deposits, trust and investment management services and mortgage banking income. At December 31, 2003, INDB had consolidated assets of approximately \$2.4 billion and consolidated stockholders' equity of approximately \$171.8 million.

For more information on the business of INDB and Rockland Trust Company, please refer to INDB's Annual Report on Form 10-K for the fiscal year ended December 31, 2003. Please refer to the section of this proxy statement/prospectus entitled "Where You Can Find More Information" on page 115 in order to find out where you can obtain copies of INDB's Annual Report as well as other documents INDB files with the Securities and Exchange Commission.

**INDB SUB, INC.**

**288 Union Street  
Rockland, Massachusetts 02370  
(781) 878-6100**

INDB Sub, Inc. was formed on January 7, 2004 as a Massachusetts corporation and a wholly-owned subsidiary of INDB. INDB Sub, Inc. was formed solely to effect the merger and has not conducted any business during the period of its existence.

**You May Elect to Receive Cash, Shares of INDB Common Stock or a Combination of Stock and Cash**

INDB and Falmouth have proposed a merger in which Falmouth will merge with INDB Sub, Inc. If the merger is completed, you will have the right to receive either \$38.00 in cash or 1.28 shares of INDB common stock, plus cash in lieu of any fractional share interest, for each share of Falmouth common stock that you hold. You will have the opportunity to elect to receive all cash, all stock or a combination of cash and stock for your shares of Falmouth common stock, subject to allocation procedures set forth in the merger agreement designed to ensure that 50% of the shares of Falmouth common stock will be converted into the right to receive shares of INDB common stock and 50% of the Falmouth shares will be converted into the right to receive cash. At INDB's election, the number of shares of Falmouth common stock that will be converted into the right to receive INDB common stock may be increased if necessary for INDB's and Falmouth's respective legal counsel to render their opinions that the merger will be treated as a reorganization for federal income tax purposes.

Under the limited circumstances described below, the exchange ratio may be increased by INDB. If the average closing price of INDB common stock during the 14 trading days ending on and including the date (the determination date) on which the last required governmental approval of the merger and the related merger of Falmouth Co-operative Bank into Rockland Trust (the bank merger) is received, excluding the two highest and two lowest closing prices, (the average closing price) is (1) less than \$23.20 (80% of the closing price of the INDB common stock on the date of the merger agreement, or \$29.00) and (2) underperforms a peer group of companies by more than 20% during the same 14 day period, Falmouth may give notice of its intent to terminate the merger agreement. If INDB receives such notice,

INDB may elect to increase the exchange ratio to a number equal to a quotient (rounded to the nearest one ten-thousandth) obtained by dividing (A) the product of the INDB signing closing price (\$29.00), 0.8 and the exchange ratio (as then in effect) by (B) the INDB average closing price. If INDB elects to increase the exchange ratio in these circumstances, Falmouth would thereafter no longer have the right to terminate the merger agreement for this reason. If INDB does not elect to increase the exchange ratio in these circumstance, Falmouth may terminate the merger. For a more detailed discussion see the section entitled "The Merger - The Merger Agreement - Termination and Amendment" beginning on page 61 of this proxy statement/ prospectus.

Separate instructions will be provided to you regarding how to make your election. Because the tax consequences of receiving cash will differ from the tax consequences of receiving stock, you should carefully read the tax information in the section of this proxy statement/ prospectus entitled "The Merger - Federal Income Tax Consequences" beginning on page 70 of this proxy statement/ prospectus and consult your own tax advisors.

If you elect to receive stock in the merger and the total number of shares of INDB common stock that Falmouth stockholders elect to receive in the merger exceeds the amount of common stock that INDB has agreed to issue in the merger, you will receive some cash instead of shares of INDB common stock. If you elect to receive cash in the merger and the total amount of cash that Falmouth stockholders elect to receive in the merger exceeds the amount of cash that INDB has agreed to pay in the merger, when combined with any dissenting shares held by Falmouth stockholders who have perfected their dissenters rights, such shares will be deemed cash election shares, exceeds the amount of cash that INDB has agreed to pay in the merger, you will receive some shares of INDB common stock instead of cash. Therefore, you may not receive exactly the form of consideration that you elect.

The aggregate cash consideration to be issued in the merger would amount to \$17,427,332 and the aggregate stock consideration to be issued in the merger would amount to 587,026 shares of INDB common stock based on the number of shares of Falmouth common stock outstanding on March 31, 2004, and an exchange ratio of 1.28.



**Illustrations of Value of Cash and Stock Consideration**

The table below illustrates the value of cash and stock consideration based on various assumed trading prices of INDB common stock. It is important to remember that the merger agreement provides that 50% of the outstanding shares of Falmouth common stock will be exchanged for shares of INDB common stock and 50% will be exchanged for cash. **Even if you request all cash or all stock, whether you receive all cash or all stock will depend on the elections of other Falmouth stockholders. There is no guarantee that you will receive the exact allocation of cash or stock that you request.**

100 Shares of Falmouth Common Stock Exchanged for All INDB Common Stock				100 Shares of Falmouth Common Stock Exchanged for All Cash
Price of INDB Stock(1)	Exchange Ratio	Assumed Trading Number of INDB Shares to be Received(2)	Value of INDB Shares to be Received(2)	Cash Consideration to be Received
\$23.20(3)	1.28	128	\$2,969.60	\$3,800
\$24.00	1.28	128	\$3,072.00	\$3,800
\$25.00	1.28	128	\$3,200.00	\$3,800
\$26.00	1.28	128	\$3,328.00	\$3,800
\$27.00	1.28	128	\$3,456.00	\$3,800
\$28.00	1.28	128	\$3,584.00	\$3,800
\$29.00(4)	1.28	128	\$3,712.00	\$3,800
\$30.00	1.28	128	\$3,840.00	\$3,800
\$31.00	1.28	128	\$3,968.00	\$3,800
\$32.00	1.28	128	\$4,096.00	\$3,800
\$33.00	1.28	128	\$4,224.00	\$3,800
\$34.00	1.28	128	\$4,352.00	\$3,800
\$35.00	1.28	128	\$4,480.00	\$3,800

- (1) On \_\_\_\_\_, 2004, the last full trading day before the date of this proxy statement/ prospectus, the closing sale price of INDB common stock was \$ \_\_\_\_\_.
- (2) Based upon the exchange ratio of 1.28, 100 shares of Falmouth common stock would be converted into 128 shares of INDB common stock, but all fractional shares will be paid in cash based on an amount determined by multiplying the fractional share interest to which such holder would otherwise be entitled by the per share cash consideration of the merger (\$38.00).
- (3) Under the merger agreement, Falmouth has the right to terminate the merger agreement if the average closing price of the INDB common stock is less than \$23.20 (a decline of 20% from the signing closing price) *and* underperforms a peer group of companies by more than 20% during a designated measurement period unless INDB agrees to increase the number of shares of INDB common stock to be issued to holders of Falmouth common stock who are to receive shares of INDB common stock in the merger by a specified amount. For a more detailed discussion see the section entitled *The Merger The Merger Agreement Termination and Amendment* beginning on page 61 of this proxy statement/ prospectus. These possible events are not illustrated in the table.
- (4) The exchange ratio was established based on an INDB common stock price of \$29.00.

**When and How to Choose the Method of Payment for Your Falmouth Shares**

Shares of Falmouth common stock will be converted into the right to receive either INDB common stock or cash as chosen by you, subject to election and allocation procedures discussed herein and described in detail in the merger agreement. At least 25 business days before the merger is expected to be completed, you will be sent an election form by the exchange agent on which you may specify whether you wish to receive cash, INDB common stock or a combination of stock and cash in exchange for your shares of Falmouth common stock. You may also make no election as to whether you receive cash or

INDB common stock as payment for your Falmouth shares. Your choice will be honored to the extent possible, but because of the overall limitation on the number of Falmouth shares that will be converted into the right to receive cash and the number of Falmouth shares that will be converted into the right to receive shares of INDB common stock, whether you receive the amount of cash and/or stock you request will depend on what other Falmouth stockholders elect to receive as consideration for their shares. Therefore, you may not receive exactly the form of consideration that you elect and you may receive a pro rata amount of cash and INDB common stock even if you elect to receive all cash or all stock. For a more detailed discussion of the election and exchange procedures, see the section entitled "The Merger" in The Merger Agreement, Merger Consideration and Election and Exchange Procedures beginning on page 46 of this proxy statement/prospectus.

INDB will not issue fractional shares. Instead, Falmouth stockholders who receive INDB common stock will receive the value of any fractional share interest in cash based on an amount determined by multiplying the fractional share interest to which such holder would otherwise be entitled by the per share cash consideration of the merger (\$38.00).

*You should not forward your stock certificates with your proxy card.* An election form and detailed instructions on how to choose your preferred form of cash and/or stock consideration will be sent to you at least 25 business days before the merger is expected to be completed. You will then have 20 business days in which to complete the election form and return it as instructed with your stock certificates. After the forms have been received and processed, you will be sent the INDB common stock and/or cash to which you are entitled, subject to your adherence to the procedures set forth in this proxy statement/prospectus, including proper delivery of certificates.

### **Federal Tax Consequences of the Merger**

The merger is expected to be a reorganization for federal income tax purposes. As a reorganization, Falmouth stockholders generally will not recognize any gain or loss on the conversion of shares of Falmouth common stock solely into shares of INDB common stock. However, Falmouth stockholders generally will be taxed to the extent they receive cash in exchange for their shares of Falmouth common stock or instead of any fractional share of INDB common stock that they would otherwise be entitled to receive. Each party's obligation to complete the merger is conditioned on its receipt of an opinion of its respective counsel, dated as of the effective date of the merger, to the effect that, based on certain facts, representations and assumptions, the merger will be treated as a reorganization for federal income tax purposes.

Tax matters are complicated, and the tax consequences of the merger to Falmouth stockholders will depend upon the facts of each stockholder's particular situation. In addition, you may be subject to state, local or foreign tax laws that are not discussed herein. Accordingly, we strongly urge you to consult your own tax advisor for a full understanding of the tax consequences of the merger to you.

### **Opinion of Falmouth's Financial Advisor**

In connection with the merger, Falmouth's board of directors received the opinion of its financial advisor, Trident Securities (Trident), a division of McDonald Investments, Inc., that as of January 8, 2004 (the date on which the Falmouth board of directors approved the merger agreement) the merger consideration was fair to the stockholders of Falmouth from a financial point of view. This opinion is included as Annex C to this proxy statement/prospectus. You should read the entire opinion carefully to understand the assumptions made, matters considered and limitations of the review undertaken by Trident in providing its opinion.

### **Recommendation of the Board of Directors**

The Falmouth board has approved the merger agreement and unanimously recommends that Falmouth stockholders vote **FOR** the approval of the merger agreement and the merger. The Falmouth

board has determined that the merger is advisable, in the best interest of Falmouth's stockholders and on terms that are fair to Falmouth stockholders.

**Date, Time and Location of the Special Meeting**

The special meeting will be held at \_\_\_\_\_, local time, on \_\_\_\_\_, 2004, at the main offices of Falmouth Bank, 20 Davis Straits, Falmouth, Massachusetts 02540. At the special meeting, Falmouth stockholders will be asked to approve the merger agreement and the merger and approve a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement and the merger and act on any other matters that may properly come before the special meeting.

**Record Date and Voting Rights for the Special Meeting**

You are entitled to vote at the special meeting if you owned shares of Falmouth common stock as of the close of business on \_\_\_\_\_, 2004, the record date. You will have one vote at the special meeting for each share of Falmouth common stock that you owned on that date.

Stockholders of record may vote by proxy or by attending the special meeting and voting in person. Each proxy returned to Falmouth (and not revoked) by a holder of Falmouth common stock will be voted in accordance with the instructions indicated thereon. If no voting instructions are indicated on a signed proxy card, your shares will be voted **FOR** approval of the merger agreement and the merger and **FOR** the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement and the merger.

**Vote Required to Approve the Merger Agreement**

The affirmative vote of a majority of the outstanding shares of the common stock of Falmouth is required to approve the merger agreement and the merger. If neither you nor your broker vote your shares, it will have the same effect as voting against the merger. For purposes of voting to adjourn the meeting, if necessary, your shares will be treated as shares that are not represented and will have no effect on the outcome of the votes.

**Stock Held by Management of Falmouth**

Directors and certain executive officers of Falmouth and Falmouth Bank, who are entitled to vote approximately 24.5% of the outstanding shares of Falmouth common stock as of the record date for the special meeting, have entered into voting agreements with INDB pursuant to which they have agreed to vote all of their shares in favor of the merger agreement and the merger.

**INDB and Falmouth Must Meet Several Conditions to Complete the Merger**

Completion of the merger depends on meeting a number of conditions, including the following:

Falmouth stockholders must have approved the merger agreement and the merger by the requisite vote;

INDB and Falmouth must have received all required regulatory approvals for the merger and for the merger of Falmouth Co-operative Bank into Rockland Trust Company, and any waiting periods required by law must have passed;

there must be no law, injunction or order enacted or issued preventing completion of the merger or the bank merger;

the registration statement filed by INDB to register the shares of INDB common stock to be issued in the merger must have been declared effective, no stop order shall have been issued or pending, all blue sky approvals must have been obtained and the shares of INDB common stock to be issued must be listed on NASDAQ;



INDB and Falmouth must each have received a legal opinion confirming the tax-free nature of the merger;

the representations and warranties of each of INDB and Falmouth in the merger agreement must be correct and true in all material respects;

there may not have occurred any change that would have a material adverse effect on either INDB or Falmouth; and

INDB and Falmouth must have complied in all material respects with their respective covenants in the merger agreement.

Unless prohibited by law, either INDB or Falmouth may elect to waive any condition that has not been satisfied by the other party and complete the merger despite the failure of that condition. The parties cannot be certain whether or when any of the conditions to the merger will be satisfied, or waived where permissible, or that the merger will be completed.

#### **Regulatory Approvals Required to Complete the Merger**

To complete the merger and the bank merger we need the prior approval of, or waiver from, the Federal Reserve Board, the Federal Deposit Insurance Corporation and certain Massachusetts regulatory authorities. The U.S. Department of Justice is able to provide input into the approval process of federal banking agencies and will have no less than 15 and up to 30 days following any approval of a federal banking agency to challenge the approval on antitrust grounds. INDB and Falmouth filed both the Massachusetts Board of Bank Incorporation application and the application with the Massachusetts Commissioner of Banks on February 13, 2004 and expect to file by the beginning of April 2004 all remaining necessary applications and notices with the applicable regulatory agencies. INDB and Falmouth cannot predict, however, whether or when the required regulatory approvals will be obtained or whether any such approvals will have conditions that would be detrimental to INDB following completion of the merger.

#### **INDB and Falmouth May Terminate the Merger Agreement**

INDB and Falmouth may agree at any time to terminate the merger agreement before completing the merger, even if the Falmouth stockholders have already voted to approve the merger agreement.

Either company may also terminate the merger agreement if:

the merger is not completed by September 30, 2004, or such later date as the parties may agree in writing;

any required regulatory approvals for consummation of the merger or the bank merger shall have been denied by a final nonappealable order;

the other company breaches any of its representations, warranties or obligations under the merger agreement in a manner which would be reasonably expected to have a material adverse effect on such company and the breach cannot be, or has not been, cured within 30 days of notice of the breach; or

the stockholders of Falmouth do not approve the merger agreement.

INDB may terminate the merger agreement at any time prior to the Falmouth special meeting if:

Falmouth breaches its covenant not to solicit other offers;

the Falmouth board of directors withdraws or modifies its recommendation to the Falmouth stockholders that the merger agreement and the merger be approved in any way that is adverse to INDB; or

Falmouth materially breaches its obligations to call and hold a meeting of stockholders to consider the merger agreement.

INDB also may terminate the merger agreement if a third party commences a tender offer or exchange offer for 15% or more of the outstanding Falmouth common stock and the Falmouth board of directors recommends that Falmouth stockholders tender their shares in the offer or otherwise fails to recommend that they reject the offer within a specified period.

Falmouth may give notice of its intent to terminate the merger agreement if the average closing price of INDB common stock during the 14 trading days ending on and including the date (the determination date) on which the last required governmental approval of the merger and bank merger is received, excluding the two highest and two lowest closing prices, (the average closing price) is (1) less than \$23.20 (80% of the closing price of the INDB common stock on the date of the merger agreement, or \$29.00) and (2) underperforms a peer group of companies by more than 20% during the same 14 day period. If INDB receives such notice, INDB may elect to increase the exchange ratio to a number equal to a quotient (rounded to the nearest one ten-thousandth) obtained by dividing (A) the product of the INDB signing closing price (\$29.00), 0.8 and the exchange ratio (as then in effect) by (B) the INDB average closing price. If INDB elects to increase the exchange ratio in these circumstances, Falmouth would thereafter no longer have the right to terminate the merger agreement for this reason. If INDB does not elect to increase the exchange ratio in these circumstance, Falmouth may terminate the merger.

#### **INDB and Falmouth May Amend and Extend the Merger Agreement**

The parties may amend the merger agreement at any time before the merger actually takes place, and may agree to extend the time within which any action required by the merger agreement is to take place, provided that no amendment may be made after the Falmouth special meeting that changes in kind, or reduces in amount, the merger consideration without the further approval of the Falmouth stockholders.

#### **Interests of Falmouth's Directors and Executive Officers in the Merger**

Certain of Falmouth's directors and executive officers have agreements, stock options and other benefit plans that provide them with interests in the merger that are different from, or in addition to, your interests. Falmouth and Falmouth Co-operative Bank have entered into an employment agreement with its President and Chief Executive Officer and a change of control agreement with its Senior Vice President and Chief Financial Officer, each of which contain special termination provisions that provide that if the officer's employment is terminated under certain circumstances during a specified period following a change in control of Falmouth (the merger will cause a change in control), the officer will have the right to receive a lump sum severance payment equal to 2.99 times (in the case of its President) or two times (in the case of its Chief Financial Officer) his base amount. For this purpose, the base amount is generally the average of the executive's annual compensation received from Falmouth for the previous five years (or the executive's period of employment with Falmouth, if shorter).

In addition, in connection with the execution of the merger agreement, the following agreements were entered into with Santo P. Pasqualucci, President and Chief Executive Officer of Falmouth, and George E. Young, Senior Vice President and Chief Financial Officer of Falmouth, to be effective upon completion of the merger:

a consulting agreement between Rockland Trust Company and Mr. Pasqualucci, which provides, among other things, for Mr. Pasqualucci to become a consultant to the Chief Executive Officer and Board of Directors of Rockland Trust Company for a period of one year, effective as of the consummation of the merger, for a consulting fee of \$75,000 plus reasonable out of pocket business expenses;

a settlement agreement among INDB, Falmouth, Falmouth Bank and Mr. Pasqualucci, which provides, among other things, for the payment of \$553,632.88 to Mr. Pasqualucci in full settlement of his rights under his employment agreement with Falmouth; and

a settlement agreement among INDB, Falmouth, Falmouth Bank and Mr. Young, which provides, among other things, for the payment of \$273,030.87 to Mr. Young plus the continuation of certain

insurance coverages for a two year period in full settlement of his rights under the change of control agreement with Falmouth and Falmouth Bank discussed above.

All directors and officers have options and restricted stock awards that will vest upon the approval of the merger by Falmouth's stockholders. At the effective time of the merger, each outstanding option will be exchanged for a cash payment equal to the difference between \$38 and the per share exercise price of such option, subject to any required withholding of taxes, and each share of restricted stock will be distributed to participants immediately prior to the effective time of the merger. These distributed shares will then be treated the same as all other outstanding shares of Falmouth under the merger agreement.

In addition, under the terms of the merger agreement, certain executive officers who are participants in Falmouth's employee stock ownership plan will become vested in their accounts under this plan and will participate in an allocation of surplus assets contained in the plan on the same terms and conditions as all other participants in this plan.

The Falmouth board of directors was aware of the foregoing interests and other interests of executive officers of Falmouth in the merger and considered them, among other matters, in approving the merger agreement and the merger.

#### **Falmouth is Prohibited from Soliciting Other Offers**

Falmouth has agreed that, while the merger is pending, it will not initiate or, subject to some limited exceptions, engage in, discussions with any third party other than INDB regarding extraordinary transactions such as a merger, business combination or sale of a material amount of its assets or capital stock.

#### **Accounting Treatment of the Merger**

INDB will use the purchase method of accounting to account for the merger. The total purchase price will be allocated to the assets acquired and liabilities assumed, based on their estimated fair values at the time that the merger is consummated. To the extent that the purchase price exceeds the fair value of the net tangible assets acquired at the effective time of the merger, INDB will allocate the excess purchase price to all identifiable intangible assets. Any remaining excess will be allocated to goodwill. In accordance with Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, issued in July 2001 and effective for fiscal years beginning January 1, 2002, the goodwill resulting from the merger will not be amortized to expense, but instead will be reviewed for impairment at least annually, and to the extent goodwill is impaired, its carrying value will be written down to its implied fair value and a charge will be made to earnings. However, core deposit and other finite-lived intangibles recorded by INDB in connection with the merger will be amortized to expense over their estimated useful lives.

#### **Rights of Stockholders of INDB and Falmouth Differ**

INDB is a Massachusetts corporation subject to the provisions of the Massachusetts Business Corporation Law. Falmouth is a Delaware corporation subject to the provisions of the Delaware General Corporation Law. Upon consummation of the merger, stockholders of Falmouth who receive shares of INDB common stock in exchange for their shares of Falmouth common stock will become stockholders of INDB and their rights as stockholders of INDB will be governed by INDB's articles of organization and by-laws and the Massachusetts Business Corporation Law. The rights of stockholders of INDB differ in certain respects from the rights of stockholders of Falmouth.

### **Termination Payments**

Falmouth has agreed to pay INDB \$1,500,000 if:

without INDB's prior written consent, Falmouth enters into an agreement to effect, or consummates, a change in control transaction with a party other than INDB (including under specified circumstances within 12 months following termination of the merger agreement); or

the merger agreement is terminated by INDB as a result of:

Falmouth breaching its covenant not to solicit other offers;

the Falmouth board of directors withdrawing or modifying its recommendation to the Falmouth stockholders that the merger agreement be approved in any way that is adverse to INDB;

Falmouth materially breaching its covenants requiring the calling and holding of a meeting of Falmouth stockholders to consider the merger agreement; or

a third party commencing a tender offer or exchange offer for 15% or more of the outstanding Falmouth common stock and the Falmouth board of directors recommending that Falmouth stockholders tender their shares in the offer or otherwise failing to recommend that they reject the offer within a specified period.

The termination payments agreed to by Falmouth are intended to increase the likelihood that the merger will be completed in accordance with the terms of the merger agreement and to compensate INDB if the merger is not completed. Falmouth's obligation to make the termination payment could significantly increase the cost to a potential acquirer of acquiring Falmouth. Consequently, the Falmouth termination payment may discourage persons who otherwise might be interested in making a competing proposal to acquire Falmouth, even if those persons were prepared to pay consideration which had more value than the merger consideration to be received under the merger agreement.

### **The Shares of INDB Common Stock to Be Issued in the Merger Will Be Listed on NASDAQ**

Pursuant to the merger agreement, the shares of INDB common stock issued in connection with the merger will be listed on The Nasdaq National Market or any national securities exchange on which the INDB common stock may then be listed.

### **Falmouth Stockholders Will Have Dissenters' Rights**

Under Delaware law, holders of Falmouth common stock have the right to dissent from the merger and, if the transaction is completed and all requirements of Delaware law are satisfied by holders seeking to exercise dissenters' rights, to receive payment equal to the fair value of their shares of Falmouth common stock, determined in the manner set forth under Delaware law. The procedures that must be followed in connection with the exercise of dissenters' rights are set forth in Section 262 of the Delaware General Corporation Law, a copy of which is attached as *Annex D* to this document. A Falmouth stockholder seeking to exercise dissenters' rights must file written notice with Falmouth prior to the special meeting of his or her intention to exercise appraisal rights and must not vote his or her shares in favor of the merger agreement. Failure to take any required step in connection with the exercise of such rights may result in termination or waiver thereof.



**Independent Bank Corp. Selected Consolidated Financial Data**

INDB derived the following historical information from its consolidated financial statements as of December 31, 2003 and 2002 and for the years then ended, audited by KPMG LLP, and as of December 31, 2001, 2000 and 1999 and for each of the years then ended, audited by Arthur Andersen LLP. When you read the following summary of historical data, it is important that you read the data along with the historical consolidated financial statements and related notes in INDB's Annual Report on Form 10-K for the year ended December 31, 2003 incorporated by reference into this proxy statement/ prospectus and other INDB documents to which we refer. For details about obtaining these documents see the section entitled "Where You Can Find More Information" on page 114 of this proxy statement/ prospectus.

	As of or For the Years Ended December 31,				
	2003	2002	2001	2000	1999
(Dollars in thousands, except per share data)					
<b>FINANCIAL CONDITION DATA:</b>					
Investments available for sale	\$ 527,507	\$ 501,828	\$ 569,288	\$ 387,476	\$ 201,614
Investments held to maturity	121,894	149,071	132,754	195,416	229,043
Loans	1,581,135	1,431,602	1,298,938	1,184,764	1,028,510
Allowance for loan losses	23,163	21,387	18,190	15,493	14,958
Total assets	2,436,755	2,285,372	2,199,188	1,949,976	1,590,056
Total deposits	1,783,338	1,688,732	1,581,618	1,489,222	1,081,806
Total borrowings	415,369	362,155	387,077	275,043	359,467
Corporation-obligated mandatorily redeemable Trust					
Preferred Securities	47,857	47,774	75,329	51,318	28,750
Stockholders' equity	171,847	161,242	133,261	114,712	98,129
Non-performing loans	3,514	3,077	3,015	4,414	3,654
Non-performing assets	3,514	3,077	3,015	4,414	3,654
<b>OPERATING DATA:</b>					
Interest income	\$ 128,306	\$ 140,825	\$ 145,069	\$ 127,566	\$ 112,006
Interest expense	32,533	40,794	54,478	55,419	50,178
Net interest income	95,773	100,031	90,591	72,147	61,828
Provision for loan losses	3,420	4,650	4,619	2,268	3,927
Non-interest income	27,794	22,644	20,760	16,418	14,793
Non-interest expenses	73,827	75,625	68,529	59,374	45,450
Minority interest expense	4,353	5,041	5,666	5,319	2,668
Net income	26,431	25,066	22,052	15,190	17,031
Net income available to common shareholders	26,431	23,561	22,052	15,190	17,031
<b>PER SHARE DATA:</b>					
Net income - Basic	\$ 1.82	\$ 1.63	\$ 1.54	\$ 1.07	\$ 1.20
Net income - Diluted	1.79	1.61	1.53	1.06	1.19
Cash dividends declared	0.52	0.48	0.44	0.40	0.40
Book value(1)	11.75	11.15	9.30	8.05	6.92
Tangible book value per share(2)	9.27	8.64	6.77	5.31	6.77

As of or For the Years Ended December 31,

	2003	2002	2001	2000	1999
<b>(Dollars in thousands, except per share data)</b>					
<b>OPERATING RATIOS:</b>					
Return on average assets(3)	1.11%	1.12%	1.07%	0.88%	1.09%
Return on average equity(3)	15.89%	17.26%	17.42%	14.58%	17.57%
Net interest margin (FTE)	4.40%	4.88%	4.84%	4.60%	4.30%
Equity to Assets	7.05%	7.06%	6.06%	5.88%	6.17%
Dividend payout ratio	28.64%	27.67%	28.57%	37.58%	32.57%
<b>ASSET QUALITY RATIOS:</b>					
Nonperforming loans as a percent of gross loans	0.22%	0.21%	0.23%	0.37%	0.35%
Nonperforming assets as a percent of total assets	0.14%	0.13%	0.14%	0.23%	0.23%
Allowance for loan losses as a percent of total loans	1.46%	1.49%	1.40%	1.31%	1.45%
Allowance for loan losses as a percent of nonperforming loans	659.16%	695.06%	603.32%	351.00%	409.36%
Total allowance for loan losses as a percent of total loans(4)	1.46%	1.53%	1.46%	1.42%	1.45%
Total allowance for loan losses as a percent of nonperforming loans(4)	659.16%	711.89%	630.18%	382.15%	409.36%
<b>CAPITAL RATIOS:</b>					
Tier 1 leverage capital ratio	7.60%	7.10%	6.31%	5.86%	8.15%
Tier 1 risk-based capital ratio	11.00%	10.37%	9.24%	8.50%	11.14%
Total risk-based capital ratio	12.25%	11.68%	12.96%	10.97%	12.39%

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- (1) Calculated by dividing total stockholders' equity by the net outstanding shares as of the end of each period.
  - (2) Calculated by dividing stockholders' equity less goodwill by the net outstanding shares as of the end of each period.
  - (3) Calculated using net income which excludes the write-off of trust preferred issuance costs.
  - (4) Including credit quality discount for the years 2000 through 2002.

**Falmouth Bancorp, Inc. Selected Consolidated Financial Data**

Falmouth derived the following historical information from its consolidated financial statements as of September 30, 2003, 2002, 2001, 2000, and 1999, and for each of the years then ended, audited by Shatswell, MacLeod & Company, P.C., and from its unaudited consolidated financial statements as of and for the three month periods ended December 31, 2003 and December 31, 2002. These interim statements include, in the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of its financial positions and results of operations for those periods. Operating results for the three months ended December 31, 2003 are not necessarily indicative of the results that may be expected for the year ended September 30, 2004 or any other period. When you read the following summary of historical data, it is important that you read the data along with the consolidated financial statements and the notes to those statements beginning on page F-1 of this proxy statement/ prospectus and the section entitled Information About Falmouth Management's Discussion and Analysis of Financial Condition and Results of Operations beginning on page 87 of this proxy statement/ prospectus. In the tables below, total loans and loans, net include loans held-for-sale.

	At September 30,					At December 31,	
	2003	2002	2001	2000	1999	2003	2002
(Dollars in thousands)							
<b>Selected Financial Condition Data:</b>							
Assets	\$ 166,118	\$ 154,521	\$ 147,439	\$ 135,464	\$ 118,652	\$ 158,109	\$ 153,207
Loans, net	83,319	95,010	112,554	105,732	80,487	87,665	84,800
Investment securities	70,607	47,651	20,209	19,304	27,507	61,933	51,336
Deposits	145,534	131,717	122,176	112,374	92,886	137,579	130,141
Stockholders' equity	17,743	16,339	16,911	17,992	19,259	17,856	16,868

	Year Ended September 30,					Three Months Ended December 31,	
	2003	2002	2001	2000	1999	2003	2002
(Dollars in thousands, except per share data)							
<b>Selected Operating Data:</b>							
Interest and dividend income	\$ 6,730	\$ 8,692	\$ 9,645	\$ 8,306	\$ 7,488	\$ 1,568	\$ 1,884
Interest expense on deposits and borrowings	2,419	3,390	4,518	3,742			