

Wachusett Financial Services, Inc.

Policy on Excessive or Luxury Expenditures February 9, 2010

I. Overview; Scope of the Policy

Wachusett Financial Services, Inc. (the "Company"), as a recipient of funds from the United States Department of the Treasury under the Capital Purchase Program ("CPP"), has established this policy to ensure compliance with the requirements under Section 111(d) of the Emergency Economic Stabilization Act of 2008, as amended ("EESA"), and the interim final rules published on June 15, 2009, at 31 C.F.R. Part 30, Standards for Compensation and Corporate Governance ("IFR"). The EESA requires each recipient of funds under the CPP to adopt a company-wide policy regarding excessive or luxury expenditures. This policy has been adopted by action of the Board of Directors of the Company.

This policy applies to all directors, officers and employees of the Company, including each officer, director and employee of the Company's affiliates. As used in this policy, references to the Company include all affiliates of the Company, including Clinton Savings Bank.

II. Responsibility

The Company's Chief Executive Officer and Chief Financial Officer are responsible for the administration, implementation and enforcement of this policy. The Compensation Committee of the Company's Board of Directors is responsible for oversight of this policy. Violators of this policy are subject to disciplinary actions, up to and including discharge from the employ or directorship of the Company.

III. Specific Policies

- A. General – Excessive or luxury expenditures by or on behalf of the Company are prohibited.
- B. Aviation and Transportation – Excessive expenditures for aviation or other transportation services by or on behalf of the Company are prohibited.
 - 1. Company expenditures for private air transportation are prohibited.
 - 2. The Company may not provide private automobiles for the use of Company personnel, and may not reimburse private automobile expense or automobile rental expense, except as prescribed in the Company's Travel and Meal Guidelines.
 - 3. All other transportation expenses will be as authorized by the Company's Travel and Meal Guidelines. Expenditures for transportation of Company personnel to outlying locations, including banking office locations and conferences, must not be excessive and must comply with the Company's Travel and Meal Guidelines.

C. Office and Facility Renovations

1. Expenditures for new construction or renovations of Company banking offices or other facilities must not be extraordinary or excessive.
2. Renovations or new construction of facilities and office space must be consistent with the Company's approved strategic or business plan and must be approved in accordance with Company policy.

D. Entertainment and Events – All expenditures for entertainment and events incurred by the Company must advance the Company's purposes of business development, marketing, employee or customer retention and community goodwill. Such expenditures must be at reasonable levels; excessive expenditures are prohibited. Excessive entertainment expenditure is quantitatively defined as any single occurrence or event where the per capita expenditure exceeds \$500.

E. Other expenditures

1. Personnel Development – Company personnel are encouraged to participate in educational events that are related to the financial services industry. Typically these conferences are sponsored by vendors, banking associations, or other industry-related entities. Reimbursement of reasonable expenses for such events in accordance with the Company's Travel and Meal Guidelines are not prohibited by this policy.
2. Dues and Memberships – Company personnel are encouraged to be active in professional, service and social organizations. Reimbursement of expenses for dues and memberships will be as prescribed in the Company's Travel and Meal Guidelines. Such expenses shall be at reasonable levels; excessive expenditures are prohibited.
3. Board education is a vital part of maintaining a dynamic director base. Board retreats and educational events are authorized and costs for such events shall be at reasonable levels; excessive expenditures are prohibited.
4. Other – All other expenditures must be reasonable and justifiable, and avoid the appearance of excessive or luxury expenditures, and subject to the Company's Travel and Meals Guidelines.

IV. Amendment of and Exceptions to Policy

Any variance or exception from this policy must be approved in advance by the Company's Chief Executive Officer and Chief Financial Officer, provided, however, that if such variance or exception is material, it shall also be approved by the Board of Directors. Any material amendment to this policy must be approved by the Board of Directors and, within 90 days of such amendment, the amended policy must be provided to the United States Treasury Department and the Company's primary regulatory agency and posted on the Company's internet web site.