

NEW YORK COMMUNITY BANCORP INC
Form S-4/A
January 22, 2007
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As Filed With The Securities and Exchange Commission on January 22, 2007.

Registration No. 333 -139479

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to the

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

NEW YORK COMMUNITY BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

6035
(Primary Standard Industrial
Classification Code Number)
615 Merrick Avenue

06-1377322
(I.R.S. Employer
Identification Number)

Westbury, New York 11590

(516) 683-4100

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(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

Joseph R. Ficalora

Chairman, President and Chief Executive Officer

615 Merrick Avenue

Westbury, New York 11590

(516) 683-4100

(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement and the conditions to the consummation of the merger described herein have been satisfied or waived.

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. "

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. "

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, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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[INSERT PENNFED LOGO]

To the Stockholders of PennFed Financial Services, Inc.:

A MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

On November 2, 2006, the Board of Directors of PennFed Financial Services, Inc. (PennFed) approved a merger agreement between PennFed and New York Community Bancorp, Inc. pursuant to which PennFed will be merged with and into New York Community. PennFed is sending you this document to ask you to vote for approval of the merger with New York Community.

If the merger is approved by PennFed stockholders and is subsequently completed, each outstanding share of PennFed common stock will be converted into the right to receive 1.222 shares of New York Community common stock. New York Community stockholders will continue to own their existing New York Community shares. The implied value of one share of PennFed common stock on January 26, 2007, was \$•, based on the closing price of New York Community common stock on that date. This implied value will fluctuate based on the price of New York Community common stock.

New York Community common stock is traded on the New York Stock Exchange under the symbol NYB, and PennFed common stock is traded on the Nasdaq Global Market under the symbol PF5B.

Your Board of Directors has determined that the merger is advisable and in the best interests of PennFed and its stockholders and unanimously recommends that you vote FOR approval of the merger. The merger cannot be completed unless a majority of the outstanding shares of common stock of PennFed are voted in favor of the merger. Whether or not you plan to attend the special meeting of stockholders, please take the time to vote by signing, dating and completing the enclosed proxy card and mailing it in the enclosed envelope. If you hold your shares in street name with a broker, bank or other nominee, check your voting instruction card to see if you can also vote by telephone or via the Internet. **If you return your proxy without indicating how you want to vote, your proxy will be voted FOR approval of the merger. If you fail to vote, or you do not instruct your broker how to vote any shares held for you in street name, it will have the same effect as voting AGAINST the merger.**

This proxy statement-prospectus gives you detailed information about the special meeting of stockholders to be held on March 13, 2007, the merger and other related matters. You should carefully read this entire document, including the appendices, and the documents incorporated by reference. **In particular, you should carefully consider the discussion in the section entitled Risk Factors on page 10.**

On behalf of the Board of Directors, thank you for your prompt attention to this important matter.

Very Truly Yours,

Joseph L. LaMonica

President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger or has determined if this document is accurate or complete. Any representation to the contrary is a criminal offense.

The securities to be issued in connection with the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This document is dated •, 2007, and is first being mailed to PennFed Financial Services, Inc. stockholders on or about February •, 2007.

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ADDITIONAL INFORMATION

This document incorporates important business and financial information about New York Community and PennFed from other documents filed with the Securities and Exchange Commission that have not been included in or delivered with this document. You may read and copy these documents at the SEC's public reference facilities. Please call the SEC at 1-800-SEC-0330 for information about these facilities. This information is also available at the Internet site the SEC maintains at <http://www.sec.gov>. See *Where You Can Find More Information* on page 73.

You also may request copies of these documents from New York Community and PennFed. New York Community and PennFed will provide you with copies of these documents, without charge, upon written or oral request to:

New York Community Bancorp, Inc.

615 Merrick Avenue

Westbury, New York 11590

Attention: Ilene A. Angarola, First Senior Vice President and Director of Investor Relations

Telephone: (516) 683-4420

PennFed Financial Services, Inc.

622 Eagle Rock Avenue

West Orange, New Jersey 07052

Attention: Patrick D. McTernan, Senior Executive Vice President, General Counsel and Corporate Secretary

Telephone: (973) 669-7366

To ensure timely delivery, you should make any requests for these documents by March 6, 2007 to receive them before the special meeting.

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PENNFED FINANCIAL SERVICES, INC.

622 Eagle Rock Avenue

West Orange, New Jersey 07052

NOTICE OF THE SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON MARCH 13, 2007

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of PennFed Financial Services, Inc. will be held at Mayfair Farms located at 481 Eagle Rock Avenue, West Orange, New Jersey 07052, at 10:00, a.m., New Jersey time, on March 13, 2007, for the following purposes:

1. Consider and vote upon a proposal to approve the merger of PennFed Financial Services, Inc. with and into New York Community Bancorp, Inc. pursuant to the Agreement and Plan of Merger by and between New York Community and PennFed dated as of November 2, 2006, as discussed in the attached proxy statement prospectus.
2. 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 if there are not sufficient votes at the time of the special meeting to approve the merger; and
3. To transact any other business that properly comes before the special meeting of stockholders, or any adjournments or postponements of the special meeting.

The enclosed proxy statement prospectus describes the merger agreement and the proposed merger in detail. We urge you to read these materials carefully. The enclosed proxy statement prospectus forms a part of this notice.

The Board of Directors of PennFed unanimously recommends that PennFed stockholders vote FOR the proposal to approve the merger and FOR the proposal to adjourn the special meeting, if necessary, to solicit additional proxies to vote in favor of the merger.

The Board of Directors of PennFed has fixed the close of business on January 26, 2007 as the record date for determining the stockholders entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

Your vote is very important. Your proxy is being solicited by the PennFed Board of Directors. The proposal to approve the merger must be approved by the affirmative vote of holders of a majority of the outstanding shares of PennFed common stock entitled to vote. Whether or not you plan to attend the special meeting in person, we urge you to vote your shares by completing and mailing the enclosed proxy card in the accompanying envelope, which requires no postage if mailed in the United States. If you hold your shares in street name with a broker, bank or other nominee, check your voting instruction card to see if you can also vote by telephone or via the Internet. You may revoke your proxy at any time before the special meeting. If you are a stockholder of record and attend the special meeting and vote in person, your proxy vote will not be used.

BY ORDER OF THE BOARD OF DIRECTORS,

Joseph L. LaMonica

President and Chief Executive Officer

West Orange, New Jersey

February , 2007

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

Q: *Why do New York Community and PennFed want to merge?*

A: We want to merge because we each believe that the merger is in the best interests of our stockholders and customers. For PennFed, the merger offers a means to substantially increase stockholder liquidity and expected cash dividends by combining with a much larger institution. In New York Community, PennFed believes it has found a partner that shares its community focus and that has a track record of successfully consummating and integrating merger transactions. For New York Community, the merger will further expand its franchise in New Jersey through the addition of 24 branches and the expected addition of approximately \$1.5 billion in deposits. New York Community believes that, in addition to obtaining additional funding from these deposits, the merger offers an opportunity to enhance earnings through the repositioning of the post-merger balance sheet by replacing PennFed's one-to four-family residential loans with multi-family and other higher yielding loans.

Q: *What will PennFed stockholders receive in the merger?*

A: If the merger is completed, each outstanding share of PennFed common stock will be converted into the right to receive 1.222 shares of New York Community common stock. Cash will be paid in lieu of fractional New York Community shares.

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

A: After you have carefully read this document, 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 pre-paid return envelope as soon as possible. This will enable your shares to be represented and voted at the special meeting. If your PennFed common stock is held in street name, you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares voted. Your broker, bank or other nominee may allow you to deliver your voting instructions via the telephone or the Internet. Please see the instruction form provided by your broker, bank or other nominee that accompanies this proxy statement prospectus.

Q: *Why is my vote important?*

A: The merger must be approved by the holders of a majority of the outstanding shares of PennFed common stock. A failure to vote will have the same effect as a vote against the merger.

Q: *If my broker holds my shares in street name will my broker automatically vote my shares for me?*

A: No. Your broker will *not* be able to vote your shares without instructions from you. You should instruct your broker to vote your shares, following the procedures your broker provides.

Q: *What if I fail to instruct my broker to vote my shares?*

A:

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If you fail to instruct your broker to vote your shares, your broker will be unable to vote your shares and your shares will not be counted toward a quorum at the special meeting. Because the merger requires the affirmative vote of the holders of a majority of the outstanding shares of PennFed common stock, this will have the same effect as a vote against the merger.

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

A: Yes. All stockholders of PennFed as of the close of business on the voting record date, January 26, 2007, are invited to attend the special meeting. Stockholders of record can vote in person at the special meeting by completing, signing and dating a proxy card or ballot. If a broker holds your shares 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 your shares at the special meeting.

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Q: *Can I change my vote?*

A: Yes. If you are a stockholder of record, you can change your vote after you have sent in your proxy card by:

providing written notice to the Secretary of PennFed;

submitting a new proxy card. Any earlier proxies will be revoked automatically; or

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

If you have instructed a broker, bank or other nominee to vote your shares, you must follow the procedures provided by your broker, bank or other nominee to change your vote.

Q: *Should I send in my stock certificates now?*

A: No. You should not send in your stock certificates at this time. If we complete the merger, PennFed stockholders will then need to exchange their PennFed stock certificates for New York Community stock certificates. New York Community will send you instructions for exchanging PennFed stock certificates at that time. New York Community stockholders do not need to exchange their stock certificates as a result of the merger.

Q: *When do you expect the merger to be completed?*

A: New York Community and PennFed currently expect to complete the merger on or about March 31, 2007, assuming all of the conditions to completion of the merger have been satisfied or waived. However, we cannot assure you when or if the merger will occur.

Q: *Whom should I call with questions?*

A: Stockholders of PennFed should direct any questions regarding the special meeting of stockholders or the merger to Patrick D. McTernan, Secretary of PennFed, at (973) 669-7366 or PennFed's proxy solicitor, Regan & Associates, Inc., at (800) 737-3426.

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FORWARD-LOOKING STATEMENTS

This document, including the information presented or incorporated by reference in this document, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, (i) information regarding the expected future financial condition, results of operations and business of New York Community and PennFed before the merger and of New York Community after the merger; (ii) statements about the expected benefits of the merger, including future financial and operating results, cost savings, enhancements to revenues and accretion to reported earnings that may be realized from the merger; (iii) statements about our respective plans, objectives, expectations and intentions and other statements that are not historical facts; and (iv) other statements identified by words such as expects, anticipates, intends, plans, believes, seeks, estimates, projects, potential, words of similar meaning. These forward-looking statements are based on current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. strive,

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

our businesses may not be combined successfully, or such combination may take longer to accomplish than expected;

the growth opportunities and cost savings from the merger may not be fully realized or may take longer to realize than expected;

operating costs, loss of customers and business disruption following the merger, including adverse effects of relationships with employees, may be greater than expected;

governmental and stockholder approval of the merger may not be obtained, or adverse regulatory conditions may be imposed in connection with governmental approvals of the merger;

delays or difficulties in the integration by New York Community of other acquired businesses;

general economic conditions and trends, either nationally or in some or all of the areas in which we and our customers conduct our respective businesses;

conditions in the securities markets or the banking industry;

changes in interest rates, which may affect our respective earnings and future cash flows, or the market values of our respective assets;

changes in deposit flows, and in the demand for deposit, loan, and investment products and other financial services in the markets we serve;

changes in the financial or operating performance of our respective customers' businesses;

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changes in real estate values, which could impact the quality of the assets securing the loans in our respective loan portfolios;

changes in the quality or composition of our respective loan or investment portfolios;

changes in competitive pressures among financial institutions or from non-financial institutions;

changes in our customer bases;

potential exposure to unknown or contingent liabilities of companies New York Community targets for acquisition;

our ability to retain key members of management;

our timely development of new lines of business and competitive products or services in a changing environment, and the acceptance of such products or services by our customers;

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any interruption or breach of security resulting in failures or disruptions in customer account management, general ledger, deposit, loan, or other systems;

any interruption in customer service due to circumstances beyond our control;

changes in New York Community's dividend policy;

the outcome of pending or threatened litigation, or of other matters before regulatory agencies, or of matters resulting from regulatory examinations, whether currently existing or commencing in the future;

environmental conditions that exist or may exist on properties owned by, leased by, or mortgaged to New York Community or PennFed;

changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements;

changes in legislation, regulation, and policies, including, but not limited to, banking, securities, tax, environmental, and insurance laws, regulations, and policies, and the ability to comply with such changes in a timely manner;

changes in accounting principles, policies, practices, or guidelines;

operational issues stemming from, and/or capital spending necessitated by, the potential need to adapt to industry changes in information technology systems, on which we are highly dependent;

the ability to keep pace with, and implement on a timely basis, technological changes;

changes in the monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board;

war or terrorist activities;

other economic, competitive, governmental, regulatory, and geopolitical factors affecting our respective operations, pricing, and services; and

a materially adverse change in the financial condition of New York Community or PennFed.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in our respective reports filed with the Securities and Exchange Commission. PennFed stockholders are cautioned not to place undue reliance on such statements, which speak only as of the date of those documents.

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All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters attributable to either of us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements above. Except to the extent required by applicable law or regulation, neither company undertakes any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made.

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SUMMARY

This summary highlights selected information included in this document and does not contain all of the information that may be important to you. You should read this entire document and its appendices and the other documents to which we refer you before you decide how to vote with respect to the merger agreement. In addition, we incorporate by reference important business and financial information about PennFed and New York Community into this document. For a description of this information, see Where You Can Find More Information on page 73. You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled Where You Can Find More Information on page 73. Each item in this summary includes a page reference directing you to a more complete description of that item.

THE MERGER

The merger agreement is attached to this document as Appendix A. We encourage you to read the merger agreement carefully because it is the legal document that governs the merger of PennFed with and into New York Community.

Parties to the Merger

New York Community Bancorp, Inc.

New York Community Bancorp, Inc., headquartered in Westbury, New York, is the holding company for New York Community Bank, which operates 137 banking offices in New York City, Long Island, Westchester County and northern New Jersey, and for New York Commercial Bank, which operates 29 branches in Manhattan, Queens, Brooklyn, Westchester County and Long Island. As of September 30, 2006, New York Community had consolidated assets of \$28.9 billion, deposits of \$13.8 billion and total stockholders' equity of \$3.7 billion.

New York Community Bank operates its branches through seven established divisions, each one enjoying a strong local identity, including Queens County Savings Bank, Roslyn Savings Bank, Richmond County Savings Bank, Roosevelt Savings Bank, and CFS Bank in New York, and, in New Jersey, First Savings Bank of New Jersey and Ironbound Bank.

The principal executive office of New York Community is located at 615 Merrick Avenue, Westbury, New York 11590, and the telephone number is (516) 683-4100.

PennFed Financial Services, Inc.

PennFed Financial Services, Inc. is the holding company for Penn Federal Savings Bank, headquartered in West Orange, New Jersey. Penn Federal Savings Bank operates 24 branch offices in Essex, Hudson, Middlesex, Monmouth, Ocean and Union Counties, New Jersey. As of September 30, 2006, PennFed had consolidated assets of \$2.3 billion, deposits of \$1.5 billion and total stockholders' equity of \$124.4 million.

The principal executive office of PennFed is located at 622 Eagle Rock Avenue, West Orange, New Jersey 07052, and the telephone number is (973) 669-7366.

The Merger (page 29)

The merger agreement provides for the merger of PennFed with and into New York Community, with New York Community as the surviving corporation. It is expected that immediately after the merger is completed, Penn Federal Savings Bank will be merged with and into New York Community Bank, a wholly-owned subsidiary of New York Community.

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As a result of the merger, each PennFed stockholder will receive 1.222 shares of New York Community common stock for each share of PennFed common stock held immediately before the merger. We sometimes refer to this 1.222-to-one ratio as the exchange ratio. New York Community will not issue any fractional shares. PennFed stockholders entitled to a fractional share instead will receive an amount in cash based on the closing sales price of New York Community common stock on the trading day immediately before the date on which the merger is completed.

Example: If you hold 110 shares of PennFed common stock at the time of the merger, you will receive 134 shares of New York Community common stock and a cash payment equal to the value of .42 shares of New York Community Stock that you otherwise would have received (110 x 1.222 = 134.42 shares).

Comparative Market Prices and Share Information (page 22)

New York Community common stock is listed on the New York Stock Exchange under the symbol NYB. PennFed common stock is quoted on the Nasdaq Global Market under the symbol PFSB. The following table sets forth the closing sale prices of New York Community common stock as reported by the New York Stock Exchange and of PennFed common stock as reported by Nasdaq on November 2, 2006, the last trading day before we announced the merger, and on January 26, 2007, the last practicable trading day before the printing of this document. This table also shows the implied value of one share of PennFed common stock, which we calculated by multiplying the closing price of New York Community common stock on those dates by 1.222.

	New York Community Common Stock	PennFed Common Stock	Implied Value of One Share of PennFed Common Stock
At November 2, 2006	\$ 15.96	\$ 18.28	\$ 19.50
At January 26, 2007	\$	\$	\$

The market prices of both New York Community common stock and PennFed common stock will fluctuate before the merger. Therefore, you should obtain current market quotations for New York Community common stock and PennFed common stock when calculating the implied value of a share of PennFed common stock.

New York Community may from time to time repurchase shares of New York Community common stock and purchase shares of PennFed common stock. During the course of the solicitation being made by this proxy statement-prospectus, New York Community may be bidding for and purchasing shares of PennFed common stock. PennFed may not repurchase shares of PennFed common stock prior to the merger without New York Community's consent. See *The Merger and the Merger Agreement Conduct of Business Pending the Merger*.

The Merger is Structured as a Tax-Free Transaction to PennFed Stockholders (page 54)

The merger has been structured to qualify as a tax-free reorganization for federal income tax purposes. Assuming the merger is a reorganization, holders of PennFed common stock generally will not recognize any gain or loss for federal income tax purposes on the exchange of their PennFed common stock for New York Community common stock in the merger, except for any gain or loss that may result from the receipt of cash instead of a fractional share of New York Community common stock.

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The federal income tax consequences described above may not apply to some holders of PennFed common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.

Your Board of Directors Recommends Stockholder Approval of the Merger (page 31)

The Board of Directors of PennFed believes that the merger presents a unique opportunity to merge with a leading community financial institution in the New York metropolitan area.

As a result, and for the reasons given beginning on page 31, PennFed's Board of Directors unanimously approved the merger agreement. PennFed's Board of Directors believes that the merger and the merger agreement are advisable and in the best interests of PennFed and its stockholders and unanimously recommends that you vote "FOR" approval of the merger.

PennFed's Financial Advisor Believes the Merger Consideration is Fair to Stockholders (page 32 and Appendix B)

In connection with the merger, the Board of Directors of PennFed received the written opinion of its financial advisor, Sandler O'Neill & Partners, L.P., as to the fairness, from a financial point of view, of the Exchange Ratio. The full text of the opinion of Sandler O'Neill & Partners, L.P., dated as of the date of the merger agreement, November 2, 2006, is included in this document as Appendix B. PennFed encourages you to read the entire opinion carefully for a description of the procedures followed, assumptions made, matters considered and limitations of the review undertaken by Sandler O'Neill & Partners, L.P. The opinion of Sandler O'Neill & Partners, L.P. is directed to PennFed's Board of Directors and does not constitute a recommendation to you or any other stockholder as to how to vote with respect to the merger, or any other matter relating to the proposed transaction. Sandler O'Neill & Partners, L.P. will receive a fee for its services, including rendering the fairness opinion, in connection with the merger, a significant portion of which is contingent upon consummation of the merger.

Special Meeting of Stockholders of PennFed (page 24)

PennFed will hold a special meeting of its stockholders on March 13, 2007, at 10:00 a.m., New Jersey time, at Mayfair Farms, located at 481 Eagle Rock Avenue, West Orange, New Jersey, 07052. At the special meeting of stockholders, you will be asked to vote to approve the merger.

You may vote at the special meeting of stockholders if you were a stockholder of record of PennFed common stock at the close of business on the record date of January 26, 2007. On that date, there were 12,965,601 shares of PennFed common stock outstanding and entitled to vote at the special meeting of stockholders. You may cast one vote for each share of PennFed common stock you owned on the record date.

Even if you expect to attend the special meeting of stockholders, PennFed recommends that you promptly vote by completing, signing, dating and returning your proxy card in the enclosed envelope. If your shares are held in "street name" with a broker, bank or other nominee, check your voting instruction card to see if you can vote by telephone or via the Internet.

Stockholder Vote Required (page 25)

Approval of the merger requires the affirmative vote of the holders of a majority of the shares of PennFed common stock outstanding and entitled to vote on the record date. A failure to vote or an abstention will have the same effect as a vote against the merger. As of the record date, directors and executive officers of PennFed

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beneficially owned 2,116,733 shares of PennFed common stock entitled to vote at the special meeting of stockholders. This represents approximately 16.33% of the total votes entitled to be cast at the special meeting of stockholders. These individuals have agreed to vote FOR approval of the merger.

Dissenters Rights (page 25)

PennFed is incorporated under the laws of the State of Maryland. Under the Maryland General Corporation Law, holders of PennFed common stock do not have the right to obtain an appraisal of the value of their shares of PennFed common stock in connection with the merger.

Interests of PennFed s Directors and Executive Officers in the Merger that are Different from Yours (page 44)

In considering the recommendation of the Board of Directors of PennFed to approve the merger, you should be aware that certain executive officers and directors of PennFed have employment and other compensation agreements or plans that give them interests in the merger that may differ from, or be in addition to, their interests as PennFed stockholders.

Conditions to the Merger (page 50)

Completion of the merger depends on a number of conditions being satisfied or, in certain cases, waived, including the following:

PennFed stockholders shall have approved the merger agreement;

accuracy of PennFed s and New York Community s respective representations and warranties under the merger agreement as of the date of the merger agreement and on the closing date of the merger;

performance in all material respects by New York Community and PennFed of their respective obligations under the merger agreement;

receipt of all required regulatory approvals without any condition that would have a material adverse effect on the combined company or that would materially impair the value of PennFed to New York Community, and the expiration of all statutory waiting periods;

no statute, rule, regulation, order, injunction or decree exists which prohibits or makes completion of the merger or bank merger illegal;

no stop order suspending the effectiveness of New York Community s registration statement, of which this document is a part, shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the Securities and Exchange Commission;

the shares of New York Community common stock to be issued to PennFed stockholders in the merger shall have been approved for listing on the New York Stock Exchange;

subsequent to June 30, 2006, New York Community has not suffered an event that has or is reasonably likely to have a material adverse effect as defined in the merger agreement; and

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subsequent to June 30, 2006, PennFed has not suffered an event that has or is reasonably likely to have a material adverse effect as defined in the merger agreement.

We cannot be certain when or if the conditions to the merger will be satisfied or waived or whether or not the merger will be completed.

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Regulatory Approvals Required For the Merger (page 50)

We cannot complete the merger without the prior approval of the Board of Governors of the Federal Reserve System (or a waiver of such approval requirement), the New York State Banking Department and the Federal Deposit Insurance Corporation. New York Community is in the process of seeking these approvals and has requested a waiver of the approval requirements of the Federal Reserve Board. PennFed is also required to submit to the Office of Thrift Supervision, a notice relating to the merger. While we do not know of any reason why New York Community would not be able to obtain the necessary approvals or waivers in a timely manner, we cannot assure you that these approvals will occur (or waivers will be received) or what the timing may be or that these approvals will not be subject to one or more conditions that give New York Community the right not to proceed with the merger.

No Solicitation (page 51)

PennFed has agreed, subject to certain limited exceptions, not to engage in discussions with another party regarding a business combination with such other party while the merger with New York Community is pending.

Termination of the Merger Agreement (page 52)

New York Community and PennFed may mutually agree at any time to terminate the merger agreement without completing the merger, even if the PennFed stockholders have approved the merger. Also, either party may decide, without the consent of the other party, to terminate the merger agreement under specified circumstances, including, if the merger is not consummated by August 30, 2007, if the required regulatory approvals are not received or if the other party breaches its agreements. PennFed also may terminate the merger agreement if New York Community's stock price falls below thresholds set forth in the merger agreement and, in such event, New York Community does not increase the merger consideration payable to PennFed stockholders according to a prescribed formula.

Termination Fee (page 53)

If the merger is terminated pursuant to specified situations in the merger agreement, PennFed may be required to pay a cash termination fee to New York Community of \$10 million. The termination fee requirement may discourage other companies from trying or proposing to combine with PennFed before the merger is completed.

Certain Differences in Stockholder Rights (page 57)

The rights of PennFed stockholders after the merger who continue as New York Community stockholders will be governed by Delaware law and the certificate of incorporation and bylaws of New York Community rather than by Maryland law and the articles of incorporation and bylaws of PennFed.

The Merger Is Expected to Occur at the End of the First Quarter of 2007 (page 43)

The merger will occur only after all of the conditions to its completion have been satisfied or waived. Currently, we anticipate that the merger will be consummated on or about March 31, 2007.

New York Community's Dividend Policy (page 68)

During the year ended December 31, 2006, New York Community paid cash dividends totaling \$1.00 per share. New York Community currently pays a quarterly cash dividend of \$0.25 per share. New York Community has agreed under the merger agreement not to reduce its regular cash dividend between November 2, 2006 and the effective time of the merger unless required by applicable law or regulation.

Risk Factors (page 10)

You should carefully consider these risk factors in deciding whether to vote for adoption of the merger agreement.

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RISK FACTORS

*In addition to the other information contained in or incorporated by reference into this proxy statement-prospectus, including the matters addressed under the caption **Forward-Looking Statements**, you should carefully consider the following risk factors in deciding whether to vote for adoption of the merger agreement.*

Risks Related to the Merger

Because the market price of New York Community common stock will fluctuate, you cannot be sure of the value of the merger consideration you will receive.

Upon completion of the merger, each share of PennFed common stock will be converted into the right to receive 1.222 shares of New York Community common stock, with cash paid in lieu of fractional New York Community shares. There will be no adjustment to this exchange ratio for changes in the market price of New York Community common stock. Accordingly, any change in the price of New York Community common stock will affect the value of the consideration you will receive in the merger. The closing prices of New York Community common stock on November 2, 2006, the last trading day prior to the public announcement of the merger, and on January 26, 2007, the latest practicable date prior to the printing of this proxy statement-prospectus, were \$15.96 and \$ • , respectively, resulting in implied values per PennFed share based on the exchange ratio of \$19.50 and \$ • , respectively. While PennFed will have the right to terminate the merger agreement in the event of a specified decline in the market value of New York Community common stock relative to the value of a designated market index unless New York Community elects to increase the aggregate merger consideration (see *The Merger and the Merger Agreement Termination; Amendment; Waiver*), PennFed is not otherwise permitted to terminate the merger agreement or to resolicit the vote of its stockholders solely because of changes in the market price of New York Community common stock.

New York Community common stock could decline in value after the merger. For example, during the twelve-month period ending on January 26, 2007 (the most recent practicable date before the printing of this proxy statement-prospectus), the closing price of New York Community common stock varied from a low of \$ • to a high of \$ • and ended that period at \$ • . The market value of New York Community common stock fluctuates based upon a variety of factors, including general market and economic conditions, New York Community's business and prospects and other factors, many of which are beyond New York Community's control.

New York Community may fail to realize the anticipated benefits of the merger.

The success of the merger will depend on, among other things, New York Community's ability to realize anticipated cost savings and to operate the businesses of Penn Federal Savings Bank in a manner that does not materially disrupt the existing customer relationships of Penn Federal Savings Bank nor result in decreased revenues resulting from any loss of customers, and permits growth opportunities to occur. If New York Community is not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully at all or may take longer to realize than expected.

New York Community and PennFed have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the disruption of PennFed's ongoing businesses, or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of New York Community to maintain relationships with customers and employees or to achieve the anticipated benefits of the merger.

The fairness opinion obtained by PennFed from its financial advisor will not reflect changes in circumstances between the signing of the merger agreement and the completion of the merger.

PennFed has not obtained an updated opinion as of the date of this document from Sandler O'Neill & Partners, L.P., PennFed's financial advisor. Changes in the operations and prospects of New York Community or

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PennFed, general market and economic conditions and other factors which may be beyond the control of New York Community and PennFed, and on which the fairness opinion was based, may alter the value of New York Community or PennFed or the market price of New York Community common stock or PennFed common stock by the time the merger is completed. The opinion does not speak as of the time the merger will be completed or as of any date other than November 2, 2006, the date of such opinion. Because PennFed currently does not anticipate asking Sandler O'Neill & Partners, L.P. to update its opinion, the November 2, 2006 opinion does not address the fairness of the merger consideration, from a financial point of view, at the time the merger is completed. For a description of the opinion that PennFed received from Sandler O'Neill & Partners, L.P, please refer to *The Merger Agreement and the Merger Fairness Opinion of PennFed's Financial Advisor*.

The termination fee and the restrictions on solicitation contained in the merger agreement may discourage other companies from trying to acquire PennFed.

Until the completion of the merger, with some exceptions, PennFed is prohibited from soliciting, initiating, encouraging or participating in any discussion of or otherwise considering any inquiries or proposals that may lead to an acquisition proposal, such as a merger or other business combination transaction, with any person other than New York Community. In addition, PennFed has agreed to pay a termination fee to New York Community in specified circumstances. These provisions could discourage other companies from trying to acquire PennFed even though those other companies might be willing to offer greater value to PennFed's stockholders than New York Community has offered in the merger. The payment of the termination fee could also have a material adverse effect on PennFed's financial condition. See *The Merger Agreement and the Merger Termination; Amendment; Waiver*.

PennFed's directors and executive officers have interests in the merger besides those of stockholders.

Executive officers of PennFed negotiated the terms of the merger agreement with New York Community, and PennFed's Board of Directors unanimously approved the merger agreement and recommended that PennFed stockholders vote to approve the merger. In considering these facts and the other information contained in this document, you should be aware that PennFed's executive officers and directors have financial interests in the merger that are different from, or in addition to, the interests of PennFed's stockholders generally. See *The Merger Agreement and the Merger Interests of Directors and Executive Officers in the Merger* for information about these financial interests.

Risks About New York Community

New York Community is subject to interest rate risk.

New York Community's primary source of income is net interest income, which is the difference between the interest income generated by its interest-earning assets (consisting primarily of loans and, to a lesser extent, securities) and the interest expense generated by its interest-bearing liabilities (consisting primarily of deposits and wholesale borrowings).

The level of net interest income is a function of the average balance of its interest-earning assets, the average balance of its interest-bearing liabilities, and the spread between the yield on such assets and the cost of such liabilities. These factors are influenced by both the pricing and mix of its interest-earning assets and its interest-bearing liabilities which, in turn, are affected by such external factors as the local economy, competition for loans and deposits, the monetary policy of the Federal Open Market Committee of the Federal Reserve Board of Governors (the FOMC) and market interest rates.

The cost of New York Community's deposits and short-term wholesale borrowings is largely based on short-term interest rates, the level of which is driven by the FOMC. However, the yields generated by its loans and securities are typically driven by intermediate-term (i.e., five-year) interest rates, which are set by the market and generally vary from day to day. The level of net interest income is therefore influenced by movements in such interest rates, and the pace at which such movements occur. If the interest rates on its interest-bearing

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liabilities increase at a faster pace than the interest rates on its interest-earning assets, the result could be a reduction in net interest income and with it, a reduction in the earnings of New York Community. New York Community's net interest income and earnings would be similarly impacted were the interest rates on its interest-earning assets to decline more quickly than the interest rates on its interest-bearing liabilities.

In addition, such changes in interest rates could affect its ability to originate loans and attract and retain deposits; the fair value of its financial assets and liabilities; and the average life of its loan and securities portfolios.

Changes in interest rates could also have an effect on the level of loan refinancing activity which, in turn, would impact the level of prepayment penalties New York Community receives on its multi-family and commercial real estate loans. As prepayment penalties are recorded as interest income, the extent to which they increase or decrease during any given period could have a significant impact on the level of net interest income and net income generated by New York Community during that time.

In 2006, the inversion of the yield curve was exacerbated by the discrepancy between movements in short- and intermediate-term interest rates, as the level of short-term interest rates exceeded the level of intermediate-term interest rates. The result was a reduction in New York Community's net interest income and a reduction in its net income. Should the inverted yield curve continue or become more pronounced, New York Community's net interest income could experience further contraction, which could have a material adverse effect on its net income and cash flows and the value of its assets.

New York Community is subject to credit risk.

Risks stemming from New York Community's lending activities:

New York Community's business strategy emphasizes the origination of multi-family loans and, to a lesser extent, commercial real estate, construction and business loans, all of which are generally larger, and have higher risk-adjusted returns and shorter maturities than one-to-four family mortgage loans. At September 30, 2006, its multi-family, commercial real estate, construction and business loan portfolios totaled \$18.9 billion, and represented 95.6% of total loans. Its credit risk would ordinarily be expected to increase with the growth of these loan portfolios.

While New York Community's record of asset quality has historically been solid, multi-family and commercial real estate properties are generally believed to involve a greater degree of credit risk than one-to-four family loans. In addition, payments on multi-family and commercial real estate loans generally depend on the income produced by the underlying properties which, in turn, depends on their successful operation and management. Accordingly, the ability of New York Community's borrowers to repay these loans may be impacted by adverse conditions in the local real estate market and the local economy. While it seeks to minimize these risks through its underwriting policies, which generally require that such loans be qualified on the basis of the property's cash flows, appraised value, and debt service coverage ratio, among other factors, there can be no assurance that New York Community's underwriting policies will protect it from credit-related losses or delinquencies.

Construction financing typically involves a greater degree of credit risk than long-term financing on improved, owner-occupied real estate. Risk of loss on a construction loan depends largely upon the accuracy of the initial estimate of the property's value at completion of construction or development, compared to the estimated costs (including interest) of construction. If the estimate of value proves to be inaccurate, the loan may be under-secured. While New York Community seeks to minimize these risks by maintaining consistent lending policies and rigorous underwriting standards, a downturn in the local economy or real estate market could have a material adverse effect on the quality of its construction loan portfolio, thereby resulting in material losses or delinquencies.

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Risks stemming from New York Community's focus on lending in the New York metropolitan region:

New York Community's business depends significantly on general economic conditions in the New York metropolitan region, where the majority of the buildings, properties, and businesses securing its loans are located. Unlike larger national or superregional banks that serve a broader and more diverse geographic region, its lending is primarily concentrated in New York City and the surrounding markets of Nassau, Suffolk, and Westchester Counties in New York, and Essex and Hudson and Union Counties in New Jersey.

Accordingly, the ability of New York Community's borrowers to repay their loans, and the value of the collateral securing such loans, may be significantly affected by economic conditions in the region or changes in the local real estate market. A significant decline in general economic conditions caused by inflation, recession, unemployment, acts of terrorism, or other factors beyond its control could therefore have an adverse effect on its financial condition and results of operations. In addition, because multi-family and commercial real estate loans represent the majority of its loans outstanding, a decline in tenant occupancy due to such factors or for other reasons, could adversely impact the ability of property owners to repay their loans on a timely basis, which could have a negative impact on its results of operations.

New York Community is subject to certain risks in connection with the level of its allowance for loan losses.

A variety of factors could cause New York Community's borrowers to default on their loan payments and the collateral securing such loans to be insufficient to pay any remaining indebtedness. In such an event, it could experience significant loan losses, which could have a material adverse effect on its financial condition and results of operations.

In the process of originating a loan, New York Community makes various assumptions and judgments about the ability of the borrower to repay it, based on the cash flows produced by the building, property or business; the value of the real estate or other assets serving as collateral, and the creditworthiness of the borrower, among other factors.

New York Community also establishes an allowance for loan losses through an assessment of probable losses in each of its loan portfolios. Several factors are considered in this process, including historical and projected default rates and loss severities; internal risk ratings; loan size; economic, geographic, industry, and environmental factors; and loan impairment, as defined by the Financial Accounting Standards Board. If its assumptions and judgments regarding such matters prove to be incorrect, its allowance for loan losses might not be sufficient, and additional loan loss provisions might need to be made. Depending on the amount of such loan loss provisions, the adverse impact on its earnings could be material.

In addition, as it continues to grow its loan portfolio, it may decide to increase the allowance for loan losses by making additional provisions, which would adversely impact its operating results. Furthermore, bank regulators may require it to make a provision for loan losses or otherwise recognize further loan charge-offs following their periodic review of its loan portfolio, its underwriting procedures, and its loan loss allowance. Any increase in its allowance for loan losses or loan charge-offs as required by such regulatory authorities could have a material adverse effect on New York Community's financial condition and results of operations.

New York Community faces significant competition for loans and deposits.

New York Community faces significant competition for loans and deposits from other banks and financial institutions, both within and beyond its local marketplace. Within the New York metropolitan region, it competes with commercial banks, savings banks, credit unions, and investment banks for deposits, and with the same financial institutions and others (including mortgage brokers, finance companies, mutual funds, insurance companies, and brokerage houses) for loans. It also competes with companies that solicit loans and deposits over the Internet.

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Many of its competitors (including money center, national, and superregional banks) have substantially greater resources and higher lending limits than it does, and may offer certain services that it does not, or cannot, provide. Because its profitability stems from its ability to attract deposits and originate loans, its continued ability to compete for depositors and borrowers is critical to its success.

New York Community's success as a competitor depends on a number of factors, including its ability to develop, maintain, and build upon long-term relationships with its customers by providing them with convenience, in the form of multiple branch locations and extended hours of service; access, in the form of alternative delivery channels, such as online banking, banking by phone, and ATMs; a broad and diverse selection of products and services; interest rates and service fees that compare favorably with those of its competitors; and skilled and knowledgeable personnel to assist its customers with their financial needs. External factors that may impact its ability to compete include changes in local economic conditions and real estate values, changes in interest rates, and the consolidation of banks and thrifts within its marketplace.

New York Community is subject to certain risks in connection with its strategy of growing through mergers and acquisitions.

Merger transactions have contributed significantly to New York Community's growth in the past six years, and continue to be a key component of its business model. Accordingly, it is possible that it could acquire other financial institutions, financial service providers, or branches of banks in future periods. However, its ability to engage in future transactions depends on its ability to identify suitable merger partners, its ability to finance and complete such acquisitions on acceptable terms and at acceptable prices, and its ability to receive the necessary regulatory approvals and, where required, shareholder approvals.

Furthermore, mergers and acquisitions, including the proposed acquisition of PennFed, involve a number of risks and challenges, including the diversion of management's attention; the need to integrate acquired operations, internal controls, and regulatory functions; the potential loss of key employees and customers of the acquired companies; and an increase in expenses and working capital requirements.

Any of these factors, among others, could adversely affect its ability to achieve the anticipated benefits of the acquisitions it undertakes.

New York Community may not be able to attract and retain key personnel.

To a large degree, New York Community's success depends on its ability to attract and retain key personnel whose expertise, knowledge of its market, and years of industry experience would make them difficult to replace. Competition for skilled leaders in its industry can be intense, and it may not be able to hire or retain the people it would like to have working for it. The unexpected loss of services of one or more of its key personnel could have a material adverse impact on its business, given the specialized knowledge of such personnel, and the difficulty of finding qualified replacements on a timely basis. To attract and retain personnel with the skills and knowledge to support its business, it offers a variety of benefits which may negatively impact its earnings.

New York Community is subject to environmental liability risk associated with its lending activities.

A significant portion of New York Community's loan portfolio is secured by real property. During the ordinary course of business, it may foreclose on and take title to properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, it may be liable for remediation costs, as well as for personal injury and property damage. In addition, it owns and operates certain properties that may be subject to similar environmental liability risks.

Environmental laws may require it to incur substantial expenses and may materially reduce the affected property's value or limit its ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase its exposure to environmental liability. Although it has policies and procedures requiring the performance of an environmental site assessment before initiating any foreclosure action on real property, these assessments may not be sufficient to detect all

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potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on its financial condition and results of operations.

New York Community's business may be adversely effected by acts of war or terrorism.

Acts of war or terrorism could have a significant impact on New York Community's ability to conduct its business. Such events could affect the ability of its borrowers to repay their loans, could impair the value of the collateral securing its loans, and could cause significant property damage, thus increasing its expenses and/or reducing its revenues. In addition, such events could affect the ability of its depositors to maintain their deposits with New York Community Bank and New York Commercial Bank.

Although New York Community has established disaster recovery policies and procedures, the occurrence of any such event could have a material adverse effect on its business which, in turn, could have a material adverse effect on its financial condition and results of operations.

New York Community is subject to changes in laws and regulations.

New York Community is subject to regulation, supervision, and examination by the New York State Banking Department, which is the chartering authority for both New York Community Bank and New York Commercial Bank; by the Federal Deposit Insurance Corporation, as the insurer of its deposits; and by the Board of Governors of the Federal Reserve System. Such regulation and supervision governs the activities in which a bank holding company and its banking subsidiaries may engage, and is intended primarily for the protection of the Deposit Insurance Fund, depositors, and the banking system in general. These regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including with respect to the imposition of restrictions on the operation of a bank or a bank holding company, the classification of assets by a bank, and the adequacy of a bank's allowance for loan losses, among other matters. Any change in such regulation and supervision, whether in the form of regulatory policy, regulations, legislation, rules, orders, enforcement actions, or decisions, could have a material impact on New York Community, its subsidiary banks, and its operations.

Its operations are also subject to extensive legislation enacted, and regulation implemented, by other federal, state, and local governmental authorities, and to various laws and judicial and administrative decisions imposing requirements and restrictions on part or all of its operations. While it believes that it complies in all material respects with applicable federal, state, and local laws, rules, and regulations, it may be subject to future changes in such laws, rules, and regulations that could have a material impact on its results of operations.

New York Community is subject to litigation risk.

In the normal course of business, New York Community may become subject to various litigation matters, the outcome of which may have a direct material impact on its financial position and daily operations. Please see the discussion under Part II, Item 1 to New York Community's Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference, for the current status of certain existing and threatened litigation.

New York Community is subject to certain risks in connection with its use of technology.

Risks associated with systems failures, interruptions, or breaches of security:

Communications and information systems are essential to the conduct of New York Community's business, as it uses such systems to manage its customer relationships, its general ledger, its deposits, and its loans. While it has established policies and procedures to prevent or limit the impact of systems failures, interruptions, and security breaches, there can be no assurance that such events will not occur or that they will be adequately addressed if they do. In addition, any compromise of its security systems could deter customers from using its web site and its online banking service, both of which involve the transmission of confidential information. Although it relies on commonly used security and processing systems to provide the security and authentication necessary to effect the secure transmission of data, these precautions may not protect its systems from compromises or breaches of security.

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In addition, it outsources its data processing to certain third-party providers. If its third-party providers encounter difficulties, or if it has difficulty in communicating with them, its ability to adequately process and account for customer transactions could be affected, and its business operations could be adversely impacted. Threats to information security also exist in the processing of customer information through various other vendors and their personnel.

The occurrence of any systems failure, interruption, or breach of security could damage its reputation and result in a loss of customers and business, could subject it to additional regulatory scrutiny, or could expose it to civil litigation and possible financial liability. Any of these occurrences could have a material adverse effect on its financial condition and results of operations.

Risks associated with changes in technology:

The provision of financial products and services has become increasingly technology-driven. New York Community's ability to meet the needs of its customers competitively, and in a cost-efficient manner, depends on its ability to keep pace with technological advances and to invest in new technology as it becomes available. Many of its competitors have greater resources to invest in technology than it does and may be better equipped to market new technology-driven products and services. The ability to keep pace with technological change is important, and the failure to do so on its part could have a material adverse impact on its business and therefore on its financial condition and results of operations.

New York Community relies on the dividends it receives from its subsidiaries.

New York Community is a separate and distinct legal entity from its subsidiaries, and a substantial portion of the revenues it receives consists of dividends from its subsidiary banks. These dividends are the primary funding source for the dividends it pays on its common stock and the interest and principal payments on its debt. Various federal and state laws and regulations limit the amount of dividends that a bank may pay to the parent company. In addition, its right to participate in a distribution of assets upon the liquidation or reorganization of a subsidiary may be subject to the prior claims of the subsidiary's creditors. In the event that New York Community Bank and New York Commercial Bank are unable to pay dividends to New York Community, it may not be able to service its debt, pay its obligations, or pay dividends on its common stock. The inability to receive dividends from New York Community Bank and New York Commercial Bank could therefore have a material adverse effect on its business, its financial condition, and its results of operations, as well as its ability to maintain or increase the current level of cash dividends paid to New York Community stockholders.

Various factors could make a takeover attempt of New York Community more difficult to achieve.

While New York Community did not renew its Shareholder Rights Plan when it expired in January 2006, certain provisions of New York Community's certificate of incorporation and bylaws, in addition to certain federal banking laws and regulations, could make it more difficult for a third party to acquire New York Community without the consent of the Board of Directors, even if doing so were perceived to be beneficial to New York Community's shareholders. These provisions also make it more difficult to remove its current Board of Directors or management or to appoint new directors, and also regulate the timing and content of stockholder proposals and nominations, and qualification for service on the Board of Directors. In addition, New York Community has entered into employment agreements with certain executive officers that would require payments to be made to them in the event that their employment were terminated following a change in control of New York Community or New York Community Bank and New York Commercial Bank. These payments may have the effect of increasing the costs of acquiring New York Community. The combination of these provisions effectively inhibits a non-negotiated merger or other business combination, which could adversely impact the market price of its common stock. See *Discussion of Anti-Takeover Protection in New York Community Bancorp, Inc.'s Certificate of Incorporation and Bylaws*.

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Various factors could impact the price and trading activity in New York Community common stock.

The price of New York Community's common stock can fluctuate significantly in response to a variety of factors, including, but not limited to, the following: actual or anticipated variations in New York Community's quarterly results of operations; earnings estimates and recommendations of securities analysts; the performance and stock price of other companies that investors and analysts deem comparable to New York Community's; news reports regarding trends and issues in the financial services industry; actual or anticipated changes in the economy, the real estate market, and interest rates; speculation regarding New York Community's involvement in industry consolidation; New York Community's capital markets activities; mergers and acquisitions involving New York Community's peers; delays in, or a failure to realize the anticipated benefits of, an acquisition; speculation about, or an actual change in, dividend payments; changes in legislation or regulation impacting the financial services industry in particular, or publicly traded companies in general; regulatory enforcement or other actions against New York Community or New York Community Bank or New York Commercial Bank; threats of terrorism or military conflicts; and general market fluctuations. Fluctuations in stock price may make it more difficult for you to sell New York Community common stock at an attractive price.

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Set forth below are highlights derived from New York Community's consolidated financial statements as of and for the years ended December 31, 2001 through 2005, and as of and for the nine months ended September 30, 2006 and 2005. The results of operations for the nine months ended September 30, 2006 are not necessarily indicative of the results of operations for the full year or any other interim period. New York Community's management prepared the interim unaudited information on the same basis as it prepared New York Community's annual audited consolidated financial statements. In the opinion of New York Community's management, the interim information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the interim data for those dates and periods. You should read this information in conjunction with New York Community's consolidated financial statements and related notes included in New York Community's Annual Report on Form 10-K for the year ended December 31, 2005, and New York Community's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, which are incorporated by reference in this proxy statement-prospectus and from which this information is derived in part. See *Where You Can Find More Information* on page 73. Nine-month ratios have been annualized.

At or for the Nine Months

	Ended September 30,		At or for the Years Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
	(dollars and share amounts in thousands, except per share data)						
Earnings Summary:							
Interest income	\$ 1,041,077	\$ 880,349	\$ 1,179,018	\$ 1,190,245	\$ 776,856	\$ 610,695	\$ 428,122
Interest expense	620,316	418,068	583,651	390,902	244,185	226,251	217,488
Net interest income	420,761	462,281	595,367	799,343	532,671	384,444	210,634
Provision for loan losses							
Net interest income after provision for loan losses	420,761	462,281	595,367	799,343	532,671	384,444	210,634
Non-interest income (loss)	66,302	76,002	97,701	(62,303)	136,291	90,632	85,797
Non-interest expense	223,294	158,992	248,354	205,072	176,280	139,062	121,185
Income before income tax expense	263,769	379,291	444,714	531,968	492,682	336,014	175,246
Income tax expense	84,305	124,122	152,629	176,882	169,311	106,784	70,779
Net income	\$ 179,464	\$ 255,169	\$ 292,085	\$ 355,086	\$ 323,371	\$ 229,230	\$ 104,467

Share Data(1):

Weighted average common shares outstanding:							
Basic	282,315	260,221	260,412	259,825	189,827	180,894	136,405
Diluted	283,780	262,364	262,498	266,838	196,303	183,226	138,764
Basic earnings per common share:	\$ 0.64	\$ 0.98	\$ 1.12	\$ 1.37	\$ 1.70	\$ 1.27	\$ 0.77
Diluted earnings per common share:	0.63	0.97	1.11	1.33	1.65	1.25	0.75
Cash dividends paid per common share	0.75	0.75	1.00	0.96	0.66	0.43	0.30
Book value per common share	12.66	12.43	12.43	12.23	11.40	7.29	5.66

Balance Sheet Summary:

Securities available for sale	\$ 2,137,325	\$ 2,271,721	\$ 2,379,214	\$ 3,108,109	\$ 6,277,034	\$ 3,952,130	\$ 2,374,782
Securities held to maturity	3,071,327	3,377,906	3,258,038	3,972,614	3,222,898	549,532	139,179
Loans, net	19,670,542	15,777,493	16,948,697	13,317,987	10,422,078	5,443,572	5,361,187
Total assets	28,924,286	25,014,944	26,283,705	24,037,826	23,441,337	11,313,092	9,202,635
Total deposits	13,751,793	11,135,279	12,104,899	10,402,117	10,329,106	5,256,042	5,450,602
Stockholders' equity	3,712,010	3,252,295	3,324,877	3,186,414	2,868,657	1,323,512	983,134

Table of Contents**At or for the Nine Months**

	Ended September 30,		At or for the Years Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
	(dollars in thousands)						
Performance Ratios:							
Return on average assets	0.86%	1.37%	1.17%	1.42%	2.26%	2.29%	1.63%
Return on average stockholders' equity	6.83	10.64	9.15	11.24	20.74	19.95	18.16
Dividend payout ratio	119.05	77.32	90.09	72.18	39.89	34.23	39.55
Average equity to average assets	12.53	12.41	12.83	12.65	10.90	11.47	8.99
Net interest margin(2)	2.27	2.87	2.74	3.70	4.15	4.44	3.67
Efficiency ratio(3)	37.54	27.90	34.14	26.27	25.32	25.32	38.04
Asset Quality Ratios:							
Allowance for loan losses to total loans	0.43%	0.49%	0.47%	0.58%	0.75%	0.74%	0.76%
Non-performing loans(4)	\$ 32,156	\$ 34,346	\$ 27,563	\$ 28,148	\$ 34,338	\$ 16,342	\$ 17,498
Non-performing loans to total loans(4)	0.16%	0.22%	0.16%	0.21%	0.33%	0.30%	0.33%
Non-performing assets to total assets(5)	0.12	0.14	0.11	0.12	0.15%	0.15	0.19

- (1) Reflects shares issued as a result of 3-for-2 stock splits on March 29, 2001 and September 20, 2001, and 4-for-3 stock splits on May 21, 2003 and February 17, 2004.
- (2) Net interest margin represents net interest income divided by the average amount of interest-earning assets.
- (3) Efficiency ratio represents operating expenses divided by the sum of net interest income plus non-interest income (loss).
- (4) Non-performing loans consist of all non-accrual loans and other loans delinquent 90 days or more.
- (5) Non-performing assets consist of all non-performing loans and other real estate owned.

Table of Contents**PennFed Financial Services, Inc. Selected Historical Financial Data**

Set forth below are highlights derived from PennFed's consolidated financial statements as of and for the fiscal years ended June 30, 2002 through 2006, and as of and for the three months ended September 30, 2006 and 2005. The results of operations for the three months ended September 30, 2006 are not necessarily indicative of the results of operations for the full fiscal year or any other interim period. PennFed's management prepared the interim unaudited information on the same basis as it prepared PennFed's annual audited consolidated financial statements. In the opinion of PennFed's management, the interim information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates and periods. You should read this information in conjunction with PennFed's consolidated financial statements and related notes included in PennFed's Annual Report on Form 10-K for the fiscal year ended June 30, 2006, and PennFed's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, which are incorporated by reference in this proxy statement-prospectus and from which this information is derived in part. See *Where You Can Find More Information* on page 73 of this proxy statement-prospectus. Three-month ratios have been annualized.

	At or for the Three Months Ended September 30,		At or for the Years Ended June 30,					2002
	2006	2005	2006	2005	2004	2003		
(dollars in thousands, except per share data)								
Earnings Summary:								
Interest dividend income	\$ 31,243	\$ 27,683	\$ 115,276	\$ 104,722	\$ 96,276	\$ 106,371	\$ 121,339	
Interest expense	23,715	17,491	77,782	61,384	58,674	62,956	72,862	
Net interest dividend income	7,528	10,192	37,494	43,338	37,602	43,415	48,477	
Provision for loan losses						525	1,625	
Net interest income after provision for loan losses	7,528	10,192	37,494	43,338	37,602	42,890	46,852	
Non-interest income	1,472	3,986	7,513	4,996	6,429	8,071	4,217	
Non-interest expenses	5,585	7,753	24,198	24,171	25,430	29,120	28,450	
Income before income tax expense	3,415	6,425	20,809	24,163	18,601	21,841	22,619	
Income tax expense	1,151	2,293	7,411	8,669	6,543	8,107	8,036	
Net income	\$ 2,264	\$ 4,132	\$ 13,398	\$ 15,494	\$ 12,058	\$ 13,734	\$ 14,583	
Share Data:(1)								
Weighted average common shares outstanding:								
Basic	12,861,988	13,263,506	13,053,853	13,612,502	13,548,796	13,922,466	14,451,226	
Diluted	13,177,415	13,700,349	13,451,005	14,010,684	14,449,170	14,971,562	15,536,844	
Basic earnings per common share:	\$ 0.18	\$ 0.31	\$ 1.03	\$ 1.14	\$ 0.89	\$ 0.99	\$ 1.01	
Diluted earnings per common share:	0.17	0.30	1.00	1.11	0.83	0.92	0.94	
Cash dividends paid per common share	0.07	0.07	0.28	0.22	0.20	0.20	0.12	
Book value per common share	9.69	9.53	9.59	9.34	8.72	8.71	8.36	
Balance Sheet Summary:								
Securities held to maturity, net	\$ 440,328	\$ 420,447	\$ 440,360	\$ 405,498	\$ 420,260	\$ 339,498	\$ 179,490	
Securities available for sale, net	5,114	4,965	4,936	5,011	4,720	4,741	4,295	
Federal Home Loan Bank stock	26,511	24,586	27,714	22,391	23,773	25,223	25,656	
Loans held for sale	285	937	217	4,826		11,496	1,592	
Loans receivable, net	1,713,001	1,522,194	1,684,007	1,460,654	1,287,473	1,217,422	1,439,668	
Total assets	2,334,262	2,123,687	2,306,510	2,050,551	1,902,286	1,812,452	1,892,427	
Total deposits	1,501,806	1,364,002	1,414,588	1,339,491	1,188,100	1,094,666	1,174,507	
Stockholders' equity	124,382	125,870	123,421	124,054	118,399	116,835	118,761	

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	At or for the Three Months Ended September 30,		At or for the Years Ended June 30,				2002
	2006	2005	2006	2005	2004	2003	
(dollars in thousands)							
Performance Ratios:							
Return on average assets	0.39%	0.79%	0.62%	0.78%	0.67%	0.75%	0.79%
Return on average stockholders' equity	7.32	13.12	10.78	12.64	10.20	11.53	12.59
Dividend payout ratio	38.89	22.58	27.18	19.30	22.47	20.30	11.39
Average stockholders' equity to average total assets	5.34	6.04	5.73	6.19	6.56	6.47	6.25
Net interest margin(2)	1.38	2.05	1.79	2.26	2.16	2.44	2.68
Efficiency ratio(3)	62.21	54.67	53.93	47.74	54.64	54.93	50.58
Asset Quality Ratios:							
Allowance for loan losses to total loans, net(4)	0.34%	0.39%	0.35%	0.41%	0.48%	0.51%	0.40%
Non-performing loans(5)	\$ 2,140	\$ 1,998	\$ 1,780	\$ 2,619	\$ 2,182	\$ 1,682	\$ 3,275
Non-performing loans to total loans(4)(5)	0.12%	0.13%	0.11%	0.18%	0.17%	0.14%	0.23%
Non-performing loans to total assets(5)	0.09	0.09	0.08	0.13	0.11	0.09	0.17

- (1) Reflects adjustments for the two-for-one stock split in the form of a 100% stock dividend paid by PennFed on October 29, 2004.
- (2) The net interest margin represents net interest and dividend income divided by average interest-earning assets.
- (3) The efficiency ratio represents the ratio of non-interest expenses divided by the sum of net interest and dividend income and non-interest income excluding gains (losses) on sales and real estate operations.
- (4) Loans are net of unearned income and deferred fees only.
- (5) Non-performing loans consist of all non-accrual loans and all other loans 90 days or more past due. It is PennFed's policy to generally cease accruing interest on all loans 90 days or more past due.

Table of Contents**COMPARATIVE PER SHARE DATA**

The following table shows information about New York Community's and PennFed's income per common share, dividends per share and book value per share, and similar information giving effect to the merger (which we refer to as pro forma information). In presenting the comparative pro forma information for the time periods shown, we have assumed that we were merged on the dates or at the beginning of the periods indicated.

The information listed as pro forma combined was prepared using the exchange ratio of 1.222. The information listed as per equivalent PennFed share was obtained by multiplying the pro forma amounts by the exchange ratio of 1.222. New York Community anticipates that the combined company will derive financial benefits from the merger that include reduced operating expenses and the opportunity to earn more revenues. The pro forma information, while helpful in illustrating the financial characteristics of New York Community following the merger under one set of assumptions, does not reflect these anticipated benefits and, accordingly, does not attempt to predict or suggest future results. The pro forma information also does not necessarily reflect what the historical results of New York Community would have been had our companies been combined during these periods.

The information in the following table is based on, and should be read together with, the historical financial information that we have presented in this document.

	New York Community Historical	PennFed Historical (1)	Pro Forma Combined (2) (3)	Per Equivalent PennFed Share
Book value per common share:				
At September 30, 2006	\$ 12.66	\$ 9.69	\$ 12.46	\$ 15.23
Cash dividends declared per common share:				
Nine months ended September 30, 2006	\$ 0.75	\$ 0.21	\$ 0.75	\$ 0.92
Year ended December 31, 2005	1.00	0.28	1.00	1.22
Diluted earnings per common share:				
Nine months ended September 30, 2006	\$ 0.63	\$ 0.61	\$ 0.63	\$ 0.77
Year ended December 31, 2005	1.11	1.00	1.14	1.39

- (1) Since PennFed has a June 30 fiscal year-end and New York Community has a December 31 fiscal year-end, PennFed's historical data for the nine months ended September 30, 2006 was calculated by adding the results from the third and fourth quarters of fiscal 2006 to the first quarter of fiscal 2007. Data for PennFed at or for the year ended December 31, 2005 is for PennFed's fiscal year ended June 30, 2006.
- (2) Pro forma dividends per share represent New York Community's historical dividends per share.
- (3) The pro forma combined book value per share of New York Community common stock is based upon the pro forma combined common stockholders' equity for New York Community and PennFed divided by the total pro forma common shares of the combined entities.

Table of Contents**MARKET PRICE AND DIVIDEND INFORMATION**

New York Community common stock is listed on the New York Stock Exchange under the symbol NYB. PennFed common stock is listed on the NASDAQ Global Market under the symbol PFSB. The following table lists the high and low prices per share for New York Community common stock and PennFed common stock and the cash dividends declared by each company for the periods indicated.

New York Community

Quarter Ended	Common Stock			PennFed Common Stock		
	High	Low	Dividends	High	Low	Dividends
March 31, 2005	\$ 20.63	\$ 17.10	\$ 0.25	\$ 17.50	\$ 14.51	\$ 0.05
June 30, 2005	18.64	17.19	0.25	17.24	13.02	0.07
September 30, 2005	19.04	15.85	0.25	20.28	16.37	0.07
December 31, 2005	17.29	15.69	0.25	19.67	16.36	0.07
March 31, 2006	18.23	16.33	0.25	19.35	17.55	0.07
June 30, 2006	17.70	15.70	0.25	19.36	17.55	0.07
September 30, 2006	16.85	16.06	0.25	18.90	15.86	0.07
December 31, 2006	16.86	15.70	0.25	19.77	16.44	0.07

March 31, 2007 (through January 26, 2007)

You should obtain current market quotations for New York Community common stock, as the market price of New York Community common stock will fluctuate between the date of this document and the date on which the merger is completed, and thereafter. You can get these quotations from a newspaper, on the Internet or by calling your broker.

As of January 26, 2007, there were approximately • holders of record of New York Community common stock. As of January 26, 2007, there were approximately 450 holders of record of PennFed common stock. These numbers do not reflect the number of persons or entities who may hold their stock in nominee or street name through brokerage firms.

Following the merger, the declaration of dividends will be at the discretion of New York Community's Board of Directors and will be determined after consideration of various factors, including earnings, cash requirements, the financial condition of New York Community, applicable state law and government regulations and other factors deemed relevant by New York Community's Board of Directors.

On November 2, 2006, the trading day immediately preceding the public announcement of the merger, and on January 26, 2007, the last practicable trading day before the printing of this document, the closing prices of New York Community common stock as reported on the New York Stock Exchange were \$15.96 per share and \$• per share, respectively, and the closing prices of PennFed common stock as reported on the Nasdaq Global Market were \$18.28 per share and \$• per share, respectively.

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SPECIAL MEETING OF PENNFED FINANCIAL SERVICES, INC. STOCKHOLDERS

Date, Place and Time

PennFed is mailing this proxy statement-prospectus to you as a PennFed stockholder on or about February 9, 2007. With this document, PennFed is sending you a notice of the PennFed special meeting of stockholders and a form of proxy that is solicited by the PennFed Board of Directors. The special meeting will be held on March 13, 2007 at 10:00 a.m., New Jersey time, at Mayfair Farms, located at 481 Eagle Rock Avenue, West Orange, New Jersey 07052.

Matter to be Considered

The purpose of the special meeting of stockholders is to vote on the approval of the merger of PennFed with and into New York Community pursuant to the merger agreement. You may also be asked to vote upon a proposal to adjourn or postpone the special meeting of stockholders. PennFed could use any adjournment or postponement for the purpose, among others, of allowing additional time to solicit proxies to vote in favor of the merger.

Proxy Card Voting, Revocation of Proxy

You should complete, sign, date and return the proxy card accompanying this document to ensure that your vote is counted at the special meeting of stockholders, regardless of whether you plan to attend. If your PennFed common stock is held in street name, you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares voted. Your broker, bank or other nominee may allow you to deliver your voting instructions via the telephone or the Internet. Please see the instruction form provided by your broker, bank or other nominee that accompanies this proxy statement prospectus. If you are the record holder of your shares, you can revoke your proxy vote at any time before the vote is taken at the special meeting by:

submitting written notice of revocation to the Secretary of PennFed;

submitting a properly executed proxy card bearing a later date before the special meeting of stockholders; or

voting in person at the special meeting of stockholders. However, simply attending the special meeting without voting will not revoke an earlier proxy vote.

If your shares are held in street name with a broker, bank or other nominee you should follow the procedures provided by your broker bank or other nominee regarding revocation of proxies.

All shares represented by valid proxies, and not revoked, will be voted in accordance with your instructions on the proxy card. If you sign and date your proxy card, but make no specification on the card as to how you want your shares voted, your proxy card will be voted FOR approval of the merger and FOR approval of any proposal to adjourn or postpone the special meeting. The Board of Directors is presently unaware of any other matter that may be presented for action at the special meeting of stockholders. If any other matter properly comes before the special meeting, the Board of Directors intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card.

If your shares are held in street name with a broker and you do not provide your broker with instructions on how to vote your shares, your broker will not be permitted to vote your shares, which will have the effect of a vote AGAINST the merger.

Solicitation of Proxies

The cost of the solicitation of proxies will be borne by PennFed. PennFed will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock. PennFed has retained Regan & Associates, Inc. to assist in

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the solicitation of proxies for a fee of \$10,500, plus reasonable out-of-pocket expenses. In addition to solicitations by mail, PennFed's directors, officers and regular employees may solicit proxies personally or by telephone without additional compensation.

Record Date

The close of business on January 26, 2007 has been fixed as the record date for determining the PennFed stockholders entitled to receive notice of and to vote at the special meeting of stockholders. At that time, 12,965,601 shares of PennFed common stock were outstanding, and were held by approximately 450 holders of record.

Voting Rights, Quorum Requirements and Vote Required

The presence, in person or by proxy, of the holders of one-third of the outstanding shares of PennFed common stock entitled to vote is necessary to constitute a quorum at the special meeting of stockholders. Abstentions will be counted for the purpose of determining whether a quorum is present but will have the same effect as a vote AGAINST the merger. Unvoted shares held in street name with a broker will not be counted for the purpose of determining whether a quorum is present and will have the same effect as a vote AGAINST the merger.

In accordance with the provisions of PennFed's articles of incorporation, with limited exception, persons who beneficially own, either directly or indirectly, in excess of 10% of the outstanding shares of common stock are not entitled or permitted to vote with respect to the shares held in excess of this 10% limit.

Approval of the merger requires the affirmative vote of the holders of a majority of the shares of PennFed common stock outstanding and entitled to vote as of the close of business on the record date. Accordingly, a failure to vote or an abstention will have the same effect as a vote against the merger. As of the record date, directors and executive officers of PennFed beneficially owned 2,116,733 shares of PennFed common stock entitled to vote at the special meeting of stockholders. This represents approximately 16.33% of the total votes entitled to be cast at the special meeting. These individuals have entered into voting agreements pursuant to which they have agreed to vote FOR approval of the merger.

KSOP Participants

If you participate in the Penn Federal Savings Bank 401(k) Employee Stock Ownership Plan, you will receive a voting instruction form that reflects all shares you may vote under the plan. Under the terms of the plan, all shares held in the plan are voted by the plan trustee, but each participant may direct the trustee how to vote the shares of PennFed common stock held in his or her plan account. Plan shares for which no timely voting instructions are received by the trustee will be voted by the trustee, at the direction of the plan administrative committee, comprised of three officers of Penn Federal Savings Bank.

Dissenters' Rights

PennFed is incorporated under the laws of the State of Maryland. Under Maryland General Corporation Law, holders of PennFed common stock do not have the right to obtain an appraisal of the value of their shares of PennFed common stock in connection with the merger.

Recommendation of the Board of Directors

The PennFed Board of Directors has unanimously approved the merger agreement and the transactions contemplated by the merger agreement. The Board of Directors believes that the merger agreement is advisable and in the best interests of PennFed and its stockholders and unanimously recommends that you vote FOR approval of the merger. See *The Merger and the Merger Agreement Recommendation of the PennFed Board of Directors and Reasons for the Merger*.

Table of Contents**STOCK OWNERSHIP**

The following table sets forth certain information regarding the beneficial ownership of the PennFed common stock as of January 26, 2007 by (i) each person known to PennFed to be the beneficial owner of more than 5% of the outstanding PennFed common stock, (ii) each director and certain executive officers of PennFed and (iii) all of PennFed's directors and executive officers as a group.

Directors, Named Executive Officers and 5%	Shares Beneficially	
Stockholders	Owned(1)	Percent Of Class
Penn Federal Savings Bank	1,640,069(1)	12.65%
401(k) Employee Stock Ownership Plan		
622 Eagle Rock Avenue		
West Orange, New Jersey 07052-2989		
Private Capital Management, L.P.	1,183,535(2)	9.13%
Bruce S. Sherman		
Gregg J. Powers		
8889 Pelican Bay Boulevard		
Naples, Florida 34108		
Tontine Partners, L.P.	1,078,000(3)	8.32%
Tontine Financial Partners, L.P.		
Tontine Management, L.L.C.		
Tontine Overseas Associates, L.L.C.		
Jeffrey L. Gendell		
55 Railroad Avenue		
3 rd Floor		
Greenwich, Connecticut 06830		
John Hancock Financial Services, Inc.	741,000(4)	5.71%
John Hancock Life Insurance Company and		
John Hancock Subsidiaries LLC		
P.O. Box 111		
Boston, Massachusetts 02117		

and

The Berkeley Financial Group and

John Hancock Advisors, Inc.

101 Huntington Avenue

Boston, Massachusetts 02199

William C. Anderson	720,802(5)	5.43%
Chairman of the Board of Directors		
Joseph L. LaMonica	876,112(7)	6.68%
President and Chief Executive Officer		
Patrick D. McTernan	277,380(7)	2.14%
Senior Executive Vice President, General Counsel and Secretary		
Jeffrey J. Carfora	166,331(7)	1.28%
Senior Executive Vice President and Chief Operating Officer		

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Directors, Named Executive Officers and 5%	Shares Beneficially	
Stockholders	Owned(1)	Percent Of Class
Amadeu L. Carvalho	137,626(6)	1.06%
Marvin D. Schnoonover	130,445	1.00%
Mario Teixeira, Jr.	335,770	2.58%
Claire M. Chadwick	59,054(7)	0.45%
Senior Executive Vice President and Chief Financial Officer		
Maria F. Magurno	40,926(7)	0.32%
Executive Vice President and Residential Lending Group Executive of the Bank		
Directors and executive officers of the Company and the Bank as a group (10 persons)	2,744,479(8)	20.19%

- (1) As of December 31, 2006, the Penn Federal Savings Bank 401(k) Employee Stock Ownership Plan (the "KSOP") holds an aggregate of 1,640,069 shares of common stock, comprised of 1,590,577 shares allocated to participant Employee Stock Ownership Plan ("ESOP") accounts, and 49,492 shares held in participant 401(k) accounts. The KSOP does not hold any ESOP shares that have not been allocated to participant ESOP accounts. Participants have the right to direct the voting of the shares held in their KSOP accounts. To the extent that participants do not exercise their voting rights with respect to their shares, such shares may be voted by the KSOP Trustee, Prudential Bank and Trust FSB, as directed by the KSOP administrative committee, comprised of three officers of Penn Federal Savings Bank.
- (2) As reported by Private Capital Management, L.P. ("PCM"), Bruce S. Sherman and Gregg J. Powers in an amendment to a Schedule 13G filed with the SEC on February 14, 2006. Mr. Sherman is the Chief Executive Officer of PCM and Mr. Powers is the President of PCM. With respect to the 1,183,535 shares listed, PCM and Mr. Powers each reported shared voting and dispositive powers over 1,138,935 shares, and Mr. Sherman reported sole voting and dispositive powers over 44,600 shares and shared voting and dispositive powers over 1,138,935 shares.
- (3) As reported by Tontine Partners, L.P. ("TP"), Tontine Financial Partners, L.P. ("TF"), Tontine Management, L.L.C. ("TM"), Tontine Overseas Associates, L.L.C. ("TO") and Jeffrey L. Gendell in an amendment to a Schedule 13G filed with the SEC on February 14, 2006. TM is general partner of TF and TP and Mr. Gendell serves as the managing member of TM and TO. With respect to the 1,078,000 shares listed, TP reported shared voting and dispositive powers over 161,680 shares, TF reported shared voting and dispositive powers over 751,600 shares, TM reported shared voting and dispositive powers over 913,280 shares, TO reported shared voting and dispositive powers over 164,720 shares and Mr. Gendell reported shared voting and dispositive powers over all 1,078,000 shares.
- (4) As reported by John Hancock Financial Services, Inc. ("JHFS"), JHFS's wholly-owned subsidiary, John Hancock Life Insurance Company ("JHLIC"), JHLIC's wholly-owned subsidiary, John Hancock Subsidiaries, LLC ("JHS"), JHS's wholly-owned subsidiary, The Berkeley Financial Group ("TBF"), and TBF's wholly-owned subsidiary, John Hancock Advisers, Inc., ("JHA") in an amendment to a Schedule 13G filed with the SEC on February 4, 2002. JHFS, JHLIC, JHS, and TBF reported indirect beneficial ownership of these shares. JHA reported sole voting and dispositive powers as to all of such shares.
- (5) Includes 307,200 shares which Mr. Anderson has the right to acquire pursuant to stock options that are currently exercisable.

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- (6) Amount excludes 30,000 shares held by a family member of which Mr. Carvalho disclaims beneficial ownership.
- (7) Includes shares held directly, as well as shares held jointly with family members, in retirement accounts, in a fiduciary capacity, by certain members of the officers' families, by trusts of which the officer is a trustee or substantial beneficiary, with respect to which the officer may be deemed to have sole or shared voting and/or dispositive powers. Also includes 145,000, 24,000, 19,556 and 18,490 shares which Mr. LaMonica, Mr. Carfora, Ms. Chadwick and Ms. Magurno, respectively, have the right to acquire pursuant to stock options that are currently exercisable, and 56,408, 56,408, 48,405, 29,964 and 20,314 shares allocated to the ESOP accounts of Mr. LaMonica, Mr. McTernan, Mr. Carfora, Ms. Chadwick and Ms. Magurno, respectively.
- (8) This amount includes shares held directly, shares allocated to the ESOP accounts of executive officers, as well as shares held jointly with family members, in retirement accounts, in a fiduciary capacity, by certain of the group members' families, by certain related entities or by trusts of which the group member is a trustee or substantial beneficiary, with respect to which shares the group member may be deemed to have sole or shared voting and/or dispositive powers. This amount also includes an aggregate of 627,746 shares which directors and executive officers as a group have the right to acquire pursuant to stock options that are currently exercisable, and excludes 30,000 shares held by a family member of Amadeu L. Carvalho, a director of PennFed, of which shares Mr. Carvalho disclaims beneficial ownership.

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THE MERGER AND THE MERGER AGREEMENT

The description of the merger agreement contained in this proxy statement-prospectus describes the material terms of the merger agreement; however, it does not purport to be complete. It is qualified in its entirety by reference to the full text of the merger agreement, a copy of which is attached as Appendix A.

The merger agreement is included as Appendix A to provide information regarding its terms. Except for its status as the contract between the parties with respect to the proposed merger, it is not intended to provide factual information about the parties. The representation and warranties contained in the merger agreement were made only for purposes of such agreement and as of specific dates, were solely for the benefit of the parties, and may be subject to limitations agreed to by the parties, including being qualified by disclosures between the parties. These representations and warranties may have been made for the purposes of allocating contractual risk between the parties instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the parties that differ from those applicable to investors. Accordingly, they should not be relied on by investors as statements of fact.

General

Pursuant to the merger agreement, PennFed will merge into New York Community, with New York Community as the surviving entity. Each outstanding share of PennFed common stock will be converted into the right to receive 1.222 shares of New York Community common stock. Cash will be paid in lieu of any fractional share of PennFed common stock. See *Merger Consideration* below. It is expected that simultaneously with or immediately following the merger of PennFed and New York Community, Penn Federal Savings Bank will merge with and into New York Community Bank.

Background of the Merger

PennFed's Board of Directors and management have from time to time reviewed PennFed's strategic options, including possible acquisitions of or sales to other institutions, both internally and in meetings with Sandler O'Neill & Partners, L.P., PennFed's financial advisor. Management and the board also engage in the preparation and ongoing review of an annual strategic plan and budget.

PennFed is a lender specializing in one-to four-family residential mortgage loans. In the past two years, the intensely competitive retail environment and difficult interest rate environment have resulted in continued compression of PennFed's net interest margin and PennFed has faced significant challenges to improving its profitability. At the request of PennFed's management, a representative of Silver, Freedman & Taff, L.L.P., PennFed's special legal counsel, discussed with the board at a regular meeting held in December 2005 the directors' fiduciary responsibilities and the existing climate for financial institution mergers, both on a nationwide basis and within the state of New Jersey. After discussing PennFed's operating performance in recent periods and the challenges it faced for future periods, the consensus of the board was that management should perform further analyses of PennFed's financial prospects to determine whether the long-term interests of PennFed stockholders would be better served by combining with another institution rather than remaining independent.

At a regular meeting of the PennFed Board of Directors held on February 28, 2006, PennFed's management distributed to the directors written presentation material prepared by Sandler O'Neill at PennFed's request addressing industry trends, an overview of PennFed's franchise and an overview of the market for financial institutions mergers and acquisitions, including potential acquirors and acquisition targets. After reviewing and discussing this material, the board requested that representatives of Sandler O'Neill meet with the board to further discuss PennFed's options.

A special meeting of the PennFed Board of Directors was held on April 11, 2006. Representatives of Silver, Freedman and Sandler O'Neill were present at the meeting. The Sandler O'Neill representatives gave an updated presentation, which included more detailed profiles of potential acquirors of PennFed. The Sandler O'Neill

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representatives also reviewed various business combination scenarios and responded to questions from the PennFed directors. In addition, the board discussed the financial projections of future earnings prepared by management and reviewed by Sandler O'Neill. The consensus of the directors was to review PennFed's fiscal 2007 strategic plan and budget, scheduled to be presented to the board at the end of June 2006, before deciding whether to pursue a business combination with another institution.

At a regular meeting of the PennFed Board of Directors on June 27, 2006, the board reviewed PennFed's fiscal 2007 strategic plan and budget. The board discussed at length the economic environment confronting PennFed, particularly the challenges created by the slope of the yield curve. Believing that PennFed could better face these challenges by combining with another institution, the board directed management to contact Sandler O'Neill and Silver, Freedman to define the steps necessary to pursue a potential merger with another institution. At a regular meeting of the PennFed Board of Directors on August 29, 2006, the board approved the formal engagement of Sandler O'Neill as PennFed's financial advisor for such a transaction. With the assistance of Sandler O'Neill, PennFed's management prepared a confidential information memorandum regarding PennFed to provide to potential interested parties. On September 14, 2006, Sandler O'Neill, began the process of telephoning 25 potential interested parties. Of those institutions contacted, nine, including New York Community, executed confidentiality agreements with PennFed and were provided with the confidential information memorandum. These nine institutions were informed that October 3, 2006 was the deadline for submitting initial indications of interest. On September 28, 2006 and September 29, 2006, members of PennFed senior management met with members of the senior management of three institutions, not including New York Community, each of which was among the group of nine institutions provided with the confidential information memorandum. The main topics of discussion at these meetings concerned follow-up questions the institutions had based on the information they had reviewed in the confidential information memorandum.

On October 3, 2006, PennFed received written initial indications of interest from New York Community and one of the three institutions whose senior management had met with PennFed senior management. Another of the three institutions orally conveyed to Sandler O'Neill on October 3rd that it might be prepared to make an offer at the PennFed current market price, but did not confirm this in writing. New York Community proposed an all-stock transaction, with a fixed exchange ratio of 1.220 New York Community shares for each PennFed share, a value of \$20.00 per PennFed share based on New York Community's closing stock price on October 2, 2006. The other institution which submitted a written indication of interest proposed a stock and cash transaction having a per share value of \$20.50, with PennFed stockholders having the right to elect to receive their desired form of consideration, subject to proration such that 60% of the aggregate merger consideration would be payable in stock and 40% in cash.

The terms of New York Community's initial indication of interest also included the establishment of a paid PennFed divisional board, on which PennFed's directors would be invited to serve for at least three years after the merger at their current fee levels. The other written initial indication of interest contained no such provision. At the direction of PennFed's management, a representative of Sandler O'Neill contacted New York Community's management and asked whether New York Community would be willing to increase the exchange ratio for PennFed's stockholders in lieu of the PennFed directors receiving the divisional board benefit. New York Community's management responded that New York Community would be willing to increase the exchange ratio from 1.220 to 1.222 if there were no divisional board benefit.

A special meeting of the PennFed Board of Directors was held on October 10, 2006 to discuss the initial indications of interest received. Representatives of Sandler O'Neill and Silver, Freedman were in attendance. The Sandler O'Neill representatives provided an overview of the proposed terms of the initial indications of interest, background information on the interested parties which submitted written indications of interest, comparisons of these two proposals and pro forma financial analyses of the two potential combined companies. Representatives of Sandler O'Neill and Silver, Freedman responded to questions raised by the directors. The board directed Sandler O'Neill to invite both New York Community and the other institution which submitted a written indication of interest to perform on-site due diligence at PennFed and thereafter provide their respective best and final offers.

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Both parties completed their on-site due diligence reviews at PennFed the week of October 16, 2006. New York Community reaffirmed its indication of interest. The other institution which had submitted a written indication of interest determined not to pursue the transaction.

At a special meeting of the PennFed Board of Directors held on October 24, 2006, with representatives of Sandler O'Neill and Silver, Freedman in attendance, the board was apprised of the developments that had occurred since the October 10th board meeting. The board reached a consensus to move forward with the process of negotiating a definitive merger agreement with New York Community. The PennFed directors requested that Sandler O'Neill advise New York Community that the board would prefer an increase in the exchange ratio for PennFed's stockholders in lieu of receiving the divisional board benefit. New York Community agreed to this change and increased the proposed exchange ratio from 1.220 to 1.222. Muldoon Murphy and Aguggia, LLP, New York Community's special legal counsel, provided Silver, Freedman with a draft merger agreement. Through their respective advisors, the parties thereafter negotiated the terms of the merger agreement, as well as a restructuring of the employment agreements of PennFed's senior executives which affected the time of payment, but did not materially change the total amount of the change-in-control benefits that these officers otherwise would have received under their existing employment agreements. See *Interests of Directors and Executive Officers in the Merger*.

A special meeting of the PennFed Board of Directors was held on November 2, 2006, with the directors having received a draft of the merger agreement two days before that meeting. A representative of Silver, Freedman provided an overview of the terms of the merger agreement and the directors' fiduciary duties in the context of the proposed transaction, and responded to questions raised by the directors. Representatives of Sandler O'Neill made a presentation regarding the fairness of the proposed exchange ratio to PennFed stockholders from a financial point of view and delivered its opinion that, as of November 2, 2006, and subject to the qualifications and limitations set forth in the opinion, the proposed exchange ratio was fair from a financial point of view to PennFed's stockholders. Sandler O'Neill also reported to the PennFed board on the results of its due diligence investigation of New York Community. Following these presentations, discussion among the directors and questions from the board addressed to both Sandler O'Neill and Silver, Freedman, the PennFed board unanimously approved the execution of the merger agreement. The Board of Directors of New York Community also approved the execution of the merger agreement that day. That evening, the parties executed the merger agreement and issued a joint press release announcing the merger agreement.

Recommendation of the PennFed Board of Directors and Reasons for the Merger

In reaching its decision to approve the merger agreement and the merger and recommend that PennFed stockholders approve the merger, PennFed's Board of Directors consulted with PennFed's management, as well as PennFed's financial and legal advisors, and considered a number of factors, including:

the strategic options available to PennFed and the board's determination that none of those options or the execution of PennFed's existing business plan under the best case scenarios were currently likely to create greater present value for PennFed's stockholders than the value, based on the exchange ratio, to be paid by New York Community in the merger;

the substantially increased liquidity afforded by an investment in the common stock of New York Community and the expected substantial dividend increase PennFed's stockholders would receive (New York Community's current annual dividend exceeds PennFed's by more than 300%, taking into consideration the exchange ratio). See Risk Factors New York Community relies on the dividends it receives from its subsidiaries regarding New York Community's ability to maintain or increase the current level of cash dividends paid to its stockholders;

the board's knowledge of PennFed's business, operations, financial condition, earnings and prospects and of New York Community's business, operations, financial condition, earnings and prospects, taking into account the results of the due diligence review of New York Community;

the current and prospective economic, competitive and regulatory environment facing PennFed;

New York Community's track record of successfully consummating and integrating merger transactions;

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the historical and current market prices and trading volume of New York Community common stock and PennFed common stock;

the variety of products and services that would be available to customers of PennFed and the communities served by PennFed and the wider market area that the combined entity would serve;

the number of PennFed employees expected to be retained after the merger and the fact that those employees would have opportunities for career advancement in a substantially larger organization;

the board's review, with the assistance of PennFed's financial and legal advisors, of the terms of the merger agreement, including the fixed exchange ratio, termination provisions and a requirement that New York Community continue its quarterly cash dividend at not less than the current rate through consummation of the merger;

the fact that the merger is intended to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes;

the financial analyses presented by Sandler O'Neill, PennFed's financial advisor, and the opinion dated as of November 2, 2006 delivered to the PennFed Board of Directors by Sandler O'Neill, to the effect that, as of that date, and subject to and based on the qualifications and assumptions set forth in the opinion, the consideration to be received by PennFed's stockholders in the merger was fair, from a financial point of view, to PennFed's stockholders;

the interests of PennFed's directors and executive officers in the merger, in addition to their interests generally as stockholders, as described under "Interests of Directors and Executive Officers in the Merger"; and

the likelihood of timely receiving regulatory approvals and the approval of PennFed's stockholders.

The foregoing discussion of the factors considered by the PennFed Board of Directors is not intended to be exhaustive but, rather, includes the material factors considered by the PennFed Board of Directors. In reaching its decision to approve the merger agreement and the merger, the PennFed Board of Directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The PennFed Board of Directors considered all these factors as a whole, including discussions with, and questioning of, PennFed management and PennFed's financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination. The PennFed Board of Directors also relied on the experience of Sandler O'Neill, as its financial advisor, for analyses of the financial terms of the merger and for its opinion as to the fairness, from a financial point of view, to PennFed's stockholders of the consideration to be received by them in the merger.

For the reasons set forth above, the PennFed Board of Directors unanimously determined that the merger and the merger agreement are advisable and in the best interests of PennFed and its stockholders, and unanimously approved the merger agreement and the merger. The PennFed Board of Directors unanimously recommends that the PennFed stockholders vote FOR approval of the merger.

Fairness Opinion of PennFed's Financial Advisor

By letter dated August 7, 2006, PennFed retained Sandler O'Neill to act as its financial advisor in connection with a possible business combination with a second party. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor to PennFed in connection with the proposed merger and participated in certain of the negotiations leading to the execution of the merger agreement. At the November 2, 2006 meeting at which PennFed's board considered and approved the merger agreement, Sandler O'Neill delivered to the board its oral opinion, subsequently confirmed in writing that, as of such date, the merger

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consideration was fair to PennFed's stockholders from a financial point of view. **The full text of Sandler O'Neill's opinion is attached as Appendix B to this proxy statement prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. PennFed stockholders are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to the PennFed board and is directed only to the fairness of the merger consideration to PennFed stockholders from a financial point of view. It does not address the underlying business decision of PennFed to engage in the merger or any other aspect of the merger and is not a recommendation to any PennFed stockholder as to how such stockholder should vote at the special meeting with respect to the merger or any other matter.

In connection with rendering its November 2, 2006 opinion, Sandler O'Neill reviewed and considered, among other things:

- (1) the merger agreement;
- (2) certain publicly available financial statements and other historical financial information of PennFed that Sandler O'Neill deemed relevant;
- (3) certain publicly available financial statements and other historical financial information of New York Community that Sandler O'Neill deemed relevant;
- (4) earnings per share estimates for PennFed for the years ending June 30, 2007 and 2008 and estimated long-term earnings per share growth rates for years thereafter, prepared by and reviewed with senior management of PennFed;
- (5) earnings per share estimates for New York Community for the years ending December 31, 2006 and 2007 and estimated long-term earnings per share growth rates for years thereafter, in each case, published by I/B/E/S, which were considered at the direction of, but not confirmed by, senior management at New York Community;
- (6) the pro forma financial impact of the merger on New York Community, based on assumptions relating to transaction expenses, purchase accounting adjustments and cost savings determined by the senior management of New York Community and reviewed with senior management of PennFed;
- (7) the publicly reported historical price and trading activity for PennFed's and New York Community's common stock, including a comparison of certain financial and stock market information for PennFed and New York Community with similar publicly available information for certain other companies the securities of which are publicly traded;
- (8) the financial terms of certain recent business combinations in the savings institution industry, to the extent publicly available;
- (9) the current market environment generally and the banking environment in particular; and
- (10) such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant.

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Sandler O'Neill also discussed with certain members of senior management of PennFed the business, financial condition, results of operations and prospects of PennFed and held similar discussions with certain members of senior management of New York Community regarding the business, financial condition, results of operations and prospects of New York Community.

In performing its reviews and analyses and in rendering its opinion, Sandler O'Neill relied upon the accuracy and completeness of all of the financial and other information that was available to it from public sources, that was provided by PennFed or New York Community or their respective representatives or that was

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otherwise reviewed by Sandler O'Neill and has assumed such accuracy and completeness for purposes of rendering its opinion. Sandler O'Neill further relied on the assurances of management of PennFed and New York Community that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Sandler O'Neill was not asked to undertake, and did not undertake, an independent verification of any of such information and Sandler O'Neill did not assume any responsibility or liability for the accuracy or completeness of any such information. Sandler O'Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of PennFed or New York Community or any of their subsidiaries, or the collectibility of any such assets, nor was Sandler O'Neill furnished with any such evaluations or appraisals. Sandler O'Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of PennFed or New York Community nor did Sandler O'Neill review any individual credit files relating to PennFed or New York Community. Sandler O'Neill assumed, with PennFed's consent, that the respective allowances for loan losses for both PennFed and New York Community were adequate to cover such losses.

Sandler O'Neill's opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion. Sandler O'Neill assumed, in all respects material to its analysis, that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to such agreements will perform all of the covenants required to be performed by such party under such agreements and that the conditions precedent in the merger agreement are not waived. Sandler O'Neill also assumed, with PennFed's consent, that there has been no material change in PennFed's and New York Community's assets, financial condition, results of operations, business or prospects since the date of the last financial statements made available to them, that PennFed and New York Community will remain as going concerns for all periods relevant to its analyses, and that the merger will qualify as a tax-free reorganization for federal income tax purposes. Finally, with PennFed's consent, Sandler O'Neill, for purposes of issuing its opinion, relied upon the advice PennFed received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the merger agreement and the other transactions contemplated by the Agreement.

In rendering its November 2, 2006 opinion, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but is not a complete description of all the analyses underlying Sandler O'Neill's opinion. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to PennFed or New York Community and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of PennFed or New York Community and the companies to which they are being compared.

The financial projections and earnings estimates used and relied upon by Sandler O'Neill in its analyses for PennFed and New York Community were those published by I/B/E/S. In the case of New York Community, such financial projections and earnings estimates published by I/B/E/S were considered by Sandler O'Neill at the direction of, but not confirmed by, senior management of New York Community. Except for the financial projections and earnings estimates published by I/B/E/S with respect to New York Community, all projections and estimates of transaction expenses, purchase accounting adjustments and share repurchases relating to the merger were determined by senior management of New York Community and reviewed with the senior

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management of PennFed and New York Community, Sandler O Neill assumed for purposes of its analyses that the foregoing reflected the best currently available estimates that such performances would be achieved, and, except with respect to the New York Community financial projections published by I/B/E/S reflected the best currently available estimates and judgments of such managements of the future financial performance of PennFed and New York Community, respectively. Sandler O Neill expressed no opinion as to such financial projections or the assumptions on which they were based. The projections, as well as the other estimates used by Sandler O Neill in its analyses, were based on numerous variables and assumptions which are inherently uncertain and, accordingly, actual results could vary materially from those set forth in such projections.

In performing its analyses, Sandler O Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of PennFed, New York Community and Sandler O Neill. The analyses performed by Sandler O Neill are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. Sandler O Neill prepared its analyses solely for purposes of rendering its opinion to the board of PennFed and provided such analyses to the PennFed board at the board's November 2, 2006 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O Neill's analyses do not necessarily reflect the value of PennFed's common stock or New York Community's common stock or the prices at which PennFed's or New York Community's common stock may be sold at any time.

Summary of Proposal. Sandler O Neill reviewed the financial terms of the proposed transaction. Based on the fixed exchange ratio of 1.222 shares of New York Community for each share of PennFed, an assumed transaction value of \$19.64 per PennFed share (based on the closing price of New York Community common stock on November 1, 2006 of \$16.07) and the per share financial information for PennFed for the twelve months ended September 30, 2006, Sandler O Neill calculated the following ratios:

Transaction Ratios

Transaction value/Last 12 months Earnings Per Share	22.6x
Transaction value/Estimated Fiscal 2007 Earnings Per Share ¹	25.2x
Transaction value/Tangible book value per share	203%
Tangible book premium/ Core Deposits ²	10.8%

1 Based upon PennFed management estimates.

2 Core deposits consist of all deposits excluding time deposits with account balances greater than \$100,000 and brokered certificates of deposit.

For purposes of Sandler O Neill's analyses, earnings per share were based on fully diluted 12,836,722 shares of PennFed common stock outstanding and including the intrinsic value of options to purchase an aggregate of 882,946 shares of PennFed common stock at a weighted average strike price of \$8.43. Sandler O Neill noted that the assumed transaction value represented an 11.5% premium over the November 1, 2006 closing price of PennFed's common stock of \$17.62.

Stock Trading History. Sandler O Neill reviewed the history of the reported trading prices and volume of PennFed's common stock for the one-year and three-year periods ended October 30, 2006. Sandler O Neill reviewed the history of the reported trading prices and volume of New York Community's common stock for the one-year and the three-year periods ended October 30, 2006. Sandler O Neill compared the relationship between the movements in the prices of PennFed's common stock to movements in the prices of the Nasdaq Bank Index, S&P Bank Index, and S&P 500 Index. Sandler O Neill also compared the relationship between the movements in the prices of New York Community's common stock to movements in the prices of PennFed, the Nasdaq Bank Index, S&P Bank Index, and S&P 500 Index. As reflected in the table shown below, during the one-year period ended October 30, 2006, PennFed underperformed the three indices stated above. During the three-year period ended October 30, 2006, PennFed also underperformed the three indices stated above.

Table of Contents**PennFed's Stock Performance**

	Beginning Index Value October 28, 2005	Ending Index Value October 30, 2006
PennFed	100.00%	95.02%
Nasdaq Bank Index	100.00	108.91
S&P Bank Index	100.00	113.06
S&P 500 Index	100.00	114.98

	Beginning Index Value October 30, 2003	Ending Index Value October 30, 2006
PennFed	100.00%	118.38%
Nasdaq Bank Index	100.00	119.46
S&P Bank Index	100.00	125.59
S&P 500 Index	100.00	131.61

As reflected in the table shown below, during the one-year period ended October 30, 2006, New York Community underperformed all of the indices to which it was compared and outperformed PennFed. During the three-year period ended October 30, 2006, New York Community underperformed all of the indices to which it was compared and PennFed.

New York Community's Stock Performance

	Beginning Index Value October 28, 2005	Ending Index Value October 30, 2006
New York Community	100.00%	99.45%
PennFed	100.00	95.02
Nasdaq Bank Index	100.00	108.91
S&P Bank Index	100.00	113.06
S&P 500 Index	100.00	114.98

	Beginning Index Value October 30, 2003	Ending Index Value October 30, 2006
New York Community	100.00%	60.71%
PennFed	100.00	118.38
Nasdaq Bank Index	100.00	119.46
S&P Bank Index	100.00	125.59
S&P 500 Index	100.00	131.61

Comparable Company Analysis. Sandler O'Neill used publicly available information to compare selected financial and market trading information for PennFed and New York Community and groups of savings institutions selected by Sandler O'Neill.

The comparable group used for PennFed consisted of the following publicly traded savings institutions located in New York, Pennsylvania, New Jersey, and Delaware with total assets between \$1.0 billion and \$4.0 billion:

Partners Trust Financial	Flushing Financial Corp.
Dime Community Bancshares Inc.	OceanFirst Financial Corp.
KNBT Bancorp Inc.	ESB Financial Corp.

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TrustCo Bank Corp NY

Parkvale Financial Corp.

WSFS Financial Corp.

Willow Financial Bancorp, Inc.

Provident New York Bancorp

FMS Financial Corp.

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The analysis compared publicly available financial and market trading information for PennFed and the median data for the comparable group as of and for the twelve-month period ended September 30, 2006. The table below compares the data for PennFed and the median data for the comparable group, with pricing data as of November 1, 2006.

Comparable Group Analysis

	PennFed	PennFed Regional Peer Group Median
Market Capitalization (\$mm)	\$ 226.2	\$ 394.3
Total Assets (\$mm)	\$ 2,334	\$ 2,789
Price/Tangible Book Value per Share	182%	210%
Price/Last Twelve Months Earnings per Share	20.3x	16.2x
Price/2006 Estimated Earnings per Share ¹	22.6x	15.4x
Price/2007 Estimated Earnings per Share ¹	17.4x	14.9x
Tangible Equity/Tangible Assets	5.33%	6.83%
Last Twelve Months ROAA	0.52%	0.75%
Last Twelve Months ROAE	9.3%	9.3%

1 Based on estimated earnings for PennFed for its fiscal years ending June 30, 2007 and 2008 as prepared by PennFed's management and for years ending December 31, 2006 and 2007 for peer group institutions, based on I/B/E/S estimates. The comparable group for New York Community selected by Sandler O'Neill consisted of the following publicly traded savings institutions located in New York, Pennsylvania, Connecticut and New Jersey with total assets between \$1.2 billion and \$90.4 billion:

Sovereign Bancorp Inc.	TrustCo Bank Corp NY
Hudson City Bancorp Inc.	Provident New York Bancorp
Astoria Financial Corp.	Flushing Financial Corp.
First Niagara Financial Group	OceanFirst Financial Corp.
NewAlliance Bancshares Inc.	ESB Financial Corp.
Provident Financial Services	Parkvale Financial Corp.
Partners Trust Financial	Willow Financial Bancorp, Inc.
Dime Community Bancshares Inc.	FMS Financial Corp.

KNBT Bancorp Inc.

The analysis compared publicly available financial and market trading information for New York Community and the median data for the comparable peer group as of and for the twelve-month period ended September 30, 2006. The table below compares the data for New York Community and the median data for the New York Community Peer Group, with pricing data as of November 1, 2006.

Table of Contents**Comparable Group Analysis**

	New York Community	New York Community Regional Peer Group
Market Capitalization (\$mm)	\$4,742.5	\$506.7
Total Assets (\$mm)	\$28,924	\$3,001
Price/Tangible Book Value per Share	327%	213%
Price/Last Twelve Months Earnings per Share	20.6x	18.8x
Price/2006 Estimated Earnings per share ¹	17.5x	16.1x
Price/2007 Estimated Earnings per share ¹	16.9x	17.5x
Tangible Equity/Tangible Assets	5.43%	7.27%
Last Twelve Months ROAA	0.79%	0.75%
Last Twelve Months ROAE	6.32%	6.87%
Current Dividend Yield	6.22%	2.48%
Current Share Price	\$16.07	\$15.49

1 Based on I/B/E/S estimates for New York Community and for peer group institutions for the fiscal years ending December 31, 2006 and 2007.

Analysis of Selected Merger Transactions. Sandler O'Neill reviewed 80 merger transactions announced nationwide from January 1, 2004 through November 1, 2006 involving savings institutions as acquired institutions with announced transaction values greater than \$15 million. Sandler O'Neill also reviewed 17 regional merger transactions announced January 1, 2004 through November 1, 2006 involving savings institutions in New Jersey, New York, Connecticut and Pennsylvania as acquired institutions with transaction values greater than \$15 million. Sandler O'Neill reviewed the multiples of transaction price at announcement to last twelve months net income, transaction price to estimated net income, transaction price to stated book value per share, transaction price to tangible book value per share, tangible book premium to core deposits and premium to market price and computed median multiples and premiums for the transactions. The median multiples from the nationwide group and the median multiples for the regional group were applied to PennFed's financial information as of and for the twelve months ended September 30, 2006. As illustrated in the following table, Sandler O'Neill derived imputed ranges of values per share of PennFed's common stock of \$16.04 to \$26.58 based upon the median multiples for the nationwide group and \$16.73 to \$27.74 based upon the median multiples for the regional savings institution transactions.

Comparable Transaction Multiples

	Median Nationwide Multiple	Implied Value	Median Regional Multiple	Implied Value
Transaction price/Last twelve months, earnings per share	23.1x	\$ 20.06	22.3x	\$ 19.40
Transaction price/Estimated earnings per share ¹	20.6x	\$ 16.04	21.5x	\$ 16.73
Transaction price/Stated book value	193%	\$ 18.73	198%	\$ 19.20
Transaction price/Tangible book value	202%	\$ 19.61	223%	\$ 21.60
Tangible book premium/Core deposits ²	18.7%	\$ 26.58	20.0%	\$ 27.74
Market Premium	29.5%	\$ 22.82	25.3%	\$ 22.08

1 Analysis is based upon 12,836,722 PennFed shares outstanding and 882,946 PennFed options outstanding with a weighted average strike price of \$8.43 as of September 30, 2006, last twelve months, earnings per share of \$0.87 and estimated fiscal 2007 earnings per share of \$0.78.

2 Assumes PennFed's total core deposits are \$447.5 million.

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Discounted Dividend Stream and Terminal Value Analysis. Sandler O'Neill performed an analysis that estimated the future stream of after-tax dividend flows of PennFed through June 30, 2010 under various circumstances, assuming PennFed's projected dividend stream and that PennFed performed in accordance with management's earnings projections through fiscal 2008 and balance sheet growth guidance after fiscal 2006. The analyses assumed that PennFed would repurchase 5% of its outstanding common stock in its 2007 fiscal year. To approximate the terminal value of PennFed's common stock at June 30, 2010, Sandler O'Neill applied price/earnings multiples ranging from 15x to 25x and multiples of tangible book value ranging from 125% to 250%. The dividend income streams and terminal values were then discounted to present values using different discount rates ranging from 7.9% to 13.9% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of PennFed common stock. As illustrated in the following tables, this analysis indicated an imputed range of values per share of PennFed common stock of \$9.73 to \$18.98 when applying the price/earnings multiples and \$9.89 to \$22.55 when applying multiples of tangible book value. In addition, the terminal value of PennFed's common stock at June 30, 2010 was calculated using the same range of price to last twelve months, earnings multiples (15x to 25x) applied to a range of discounts and premiums to management's budget projections. The range applied to the budgeted net income was 12.5% under budget to 12.5% over budget, using a discount rate of 10.9% for the tabular analysis. As illustrated in the following tables, this analysis indicated an imputed range of values per share for PennFed's common stock of \$9.57 to \$19.05 when applying the price/earnings multiples to the -12.5% /+12.5% budget range.

Earnings Per Share Multiples

	15.0x	17.0x	19.0x	21.0x	23.0x	25.0x
7.9%	\$ 11.93	\$ 13.34	\$ 14.75	\$ 16.16	\$ 17.57	\$ 18.98
8.9%	\$ 11.52	\$ 12.88	\$ 14.24	\$ 15.60	\$ 16.96	\$ 18.32
9.9%	\$ 11.13	\$ 12.44	\$ 13.75	\$ 15.06	\$ 16.37	\$ 17.68
10.9%	\$ 10.75	\$ 12.02	\$ 13.28	\$ 14.55	\$ 15.81	\$ 17.07
11.9%	\$ 10.40	\$ 11.62	\$ 12.84	\$ 14.06	\$ 15.27	\$ 16.49
12.9%	\$ 10.05	\$ 11.23	\$ 12.41	\$ 13.59	\$ 14.76	\$ 15.94
13.9%	\$ 9.73	\$ 10.86	\$ 12.00	\$ 13.14	\$ 14.27	\$ 15.41

Tangible Book Value Multiples

	125%	150%	175%	200%	225%	250%
7.9%	\$ 12.12	\$ 14.21	\$ 16.30	\$ 18.38	\$ 20.47	\$ 22.55
8.9%	\$ 11.71	\$ 13.72	\$ 15.73	\$ 17.74	\$ 19.75	\$ 21.76
9.9%	\$ 11.31	\$ 13.25	\$ 15.19	\$ 17.13	\$ 19.06	\$ 21.00
10.9%	\$ 10.93	\$ 12.80	\$ 14.67	\$ 16.54	\$ 18.41	\$ 20.28
11.9%	\$ 10.57	\$ 12.37	\$ 14.18	\$ 15.98	\$ 17.78	\$ 19.58
12.9%	\$ 10.22	\$ 11.96	\$ 13.70	\$ 15.44	\$ 17.18	\$ 18.92
13.9%	\$ 9.89	\$ 11.57	\$ 13.25	\$ 14.93	\$ 16.61	\$ 18.29

Table of Contents*With Budget Variance:***Earnings Per Share Multiples**

	15.0x	17.0x	19.0x	21.0x	23.0x	25.0x
(12.5%)	\$ 9.57	\$ 10.67	\$ 11.78	\$ 12.89	\$ 13.99	\$ 15.10
(10.0%)	\$ 9.81	\$ 10.94	\$ 12.08	\$ 13.22	\$ 14.36	\$ 15.49
(7.5%)	\$ 10.04	\$ 11.21	\$ 12.38	\$ 13.55	\$ 14.72	\$ 15.89
(5.0%)	\$ 10.28	\$ 11.48	\$ 12.68	\$ 13.88	\$ 15.08	\$ 16.28
(2.5%)	\$ 10.52	\$ 11.75	\$ 12.98	\$ 14.21	\$ 15.45	\$ 16.68
0.0%	\$ 10.75	\$ 12.02	\$ 13.28	\$ 14.55	\$ 15.81	\$ 17.07
2.5%	\$ 10.99	\$ 12.29	\$ 13.58	\$ 14.88	\$ 16.17	\$ 17.47
5.0%	\$ 11.23	\$ 12.55	\$ 13.88	\$ 15.21	\$ 16.54	\$ 17.86
7.5%	\$ 11.46	\$ 12.82	\$ 14.18	\$ 15.54	\$ 16.90	\$ 18.26
10.0%	\$ 11.70	\$ 13.09	\$ 14.48	\$ 15.87	\$ 17.26	\$ 18.66
12.5%	\$ 11.94	\$ 13.36	\$ 14.78	\$ 16.21	\$ 17.63	\$ 19.05

Sandler O'Neill also performed an analysis that estimated the future stream of after-tax dividend flows of New York Community through December 31, 2010 under various circumstances, assuming New York Community's projected dividend stream and that New York Community performed in accordance with the publicly available I/B/E/S earnings estimates projections through 2008. To approximate the terminal value of New York Community's common stock at December 31, 2010, Sandler O'Neill applied price/earnings multiples ranging from 14x to 19x and multiples of tangible book value ranging from 200% to 325%. The dividend income streams and terminal values were then discounted to present values using different discount rates ranging from 7.5% to 13.5%, chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of New York Community common stock. As illustrated in the following tables, this analysis indicated an imputed range of values per share of New York Community common stock of \$14.07 to \$21.84 when applying the price/earnings multiples and \$11.02 to \$18.56 when applying multiples of tangible book value. In addition, the terminal value of New York Community's common stock at December 31, 2010 was calculated using the same range of price to last twelve months earnings multiples (14x to 19x) applied to a range of discounts and premiums to management's budget projections. The range applied to the budgeted net income was 12.5% under budget to 12.5% over budget, using a discount rate of 10.5% for the tabular analysis. As illustrated in the following tables, this analysis indicated an imputed range of values per share for New York Community's common stock of \$14.07 to \$21.62 when applying the price/earnings multiples to the -12.5% / +12.5% budget range.

Earnings Per Share Multiples

	14.0x	15.0x	16.0x	17.0x	18.0x	19.0x
7.5%	\$ 17.19	\$ 18.12	\$ 19.05	\$ 19.98	\$ 20.91	\$ 21.84
8.5%	\$ 16.61	\$ 17.50	\$ 18.40	\$ 19.29	\$ 20.18	\$ 21.08
9.5%	\$ 16.05	\$ 16.91	\$ 17.77	\$ 18.63	\$ 19.49	\$ 20.35
10.5%	\$ 15.52	\$ 16.35	\$ 17.18	\$ 18.00	\$ 18.83	\$ 19.66
11.5%	\$ 15.02	\$ 15.81	\$ 16.61	\$ 17.40	\$ 18.20	\$ 19.00
12.5%	\$ 14.53	\$ 15.30	\$ 16.06	\$ 16.83	\$ 17.60	\$ 18.36
13.5%	\$ 14.07	\$ 14.81	\$ 15.54	\$ 16.28	\$ 17.02	\$ 17.76

Table of Contents***Tangible Book Value Multiples***

	200%	225%	250%	275%	300%	325%
7.5%	\$ 13.34	\$ 14.39	\$ 15.43	\$ 16.47	\$ 17.52	\$ 18.56
8.5%	\$ 12.91	\$ 13.91	\$ 14.92	\$ 15.92	\$ 16.92	\$ 17.93
9.5%	\$ 12.50	\$ 13.46	\$ 14.43	\$ 15.39	\$ 16.36	\$ 17.32
10.5%	\$ 12.10	\$ 13.03	\$ 13.96	\$ 14.89	\$ 15.82	\$ 16.75
11.5%	\$ 11.72	\$ 12.62	\$ 13.51	\$ 14.41	\$ 15.30	\$ 16.19
12.5%	\$ 11.36	\$ 12.22	\$ 13.09	\$ 13.95	\$ 14.81	\$ 15.67
13.5%	\$ 11.02	\$ 11.85	\$ 12.68	\$ 13.51	\$ 14.34	\$ 15.16

With Budget Variance:

Earnings Per Share Multiples

	14.0x	15.0x	16.0x	17.0x	18.0x	19.0x
(12.5%)	\$ 14.07	\$ 14.80	\$ 15.52	\$ 16.25	\$ 16.97	\$ 17.69
(10.0%)	\$ 14.36	\$ 15.11	\$ 15.85	\$ 16.60	\$ 17.34	\$ 18.09
(7.5%)	\$ 14.65	\$ 15.42	\$ 16.18	\$ 16.95	\$ 17.71	\$ 18.48
(5.0%)	\$ 14.94	\$ 15.73	\$ 16.51	\$ 17.30	\$ 18.09	\$ 18.87
(2.5%)	\$ 15.23	\$ 16.04	\$ 16.85	\$ 17.65	\$ 18.46	\$ 19.26
0.0%	\$ 15.52	\$ 16.35	\$ 17.18	\$ 18.00	\$ 18.83	\$ 19.66
2.5%	\$ 15.81	\$ 16.66	\$ 17.51	\$ 18.35	\$ 19.20	\$ 20.05
5.0%	\$ 16.10	\$ 16.97	\$ 17.84	\$ 18.71	\$ 19.57	\$ 20.44
7.5%	\$ 16.39	\$ 17.28	\$ 18.17	\$ 19.06	\$ 19.95	\$ 20.84
10.0%	\$ 16.68	\$ 17.59	\$ 18.50	\$ 19.41	\$ 20.32	\$ 21.23
12.5%	\$ 16.97	\$ 17.90	\$ 18.83	\$ 19.76	\$ 20.69	\$ 21.62

In connection with its analyses, Sandler O'Neill considered and discussed with the PennFed Board how the present value analyses would be affected by changes in the underlying assumptions, including, with respect to the PennFed analyses, variations with respect to net income. Sandler O'Neill noted that the discounted dividend stream and terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Pro Forma Merger Analysis. Sandler O'Neill analyzed certain potential pro forma effects of the merger, assuming the following: (1) the merger closes in the first quarter of 2007, (2) 100% of the PennFed shares are exchanged for New York Community common stock at an exchange ratio of 1.222, (3) earnings per share projections for PennFed are consistent with per share estimates for 2007 and 2008 confirmed with PennFed's management, and long-term earnings per share growth estimates for periods thereafter are consistent with management estimates, (4) earnings per share projections for New York Community are consistent with per share estimates for 2006 and 2007 published by I/B/E/S which projections were considered by Sandler O'Neill at the direction of, but not confirmed by, New York Community management, and (5) options to purchase shares of PennFed common stock are exchanged for cash. Sandler O'Neill's analyses indicated that for the year ending December 31, 2007 and assuming cost savings equal to 35% of PennFed's non-interest expense base, the merger would be dilutive to New York Community's projected earnings per share and, at March 31, 2007 (the assumed closing date of the merger) the merger would be dilutive to New York Community's tangible book value per share. In its merger analysis, New York Community assumed cost savings equal to 40% of PennFed's non-interest expense base and if this assumption was included in Sandler O'Neill's analysis, the merger would be accretive to New York Community's earnings per share for the year ending December 31, 2007. From the standpoint of a PennFed stockholder, for the year ending December 31, 2007, the merger would be accretive to earnings per share and, at March 31, 2007, the merger would be dilutive to tangible book value per share. The actual results achieved by the combined company may vary from projected results and the variations may be material.

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PennFed has agreed to pay Sandler O'Neill a transaction fee in connection with the merger of approximately \$2,601,358 (based on the fixed exchange ratio of 1.222 and the closing price of New York Community stock on November 1, 2006), of which \$850,339 has been invoiced and the balance of which is contingent, and payable, upon closing of the merger. Sandler O'Neill has also received a fee of \$200,000 for rendering its opinion. PennFed has also agreed to reimburse certain of Sandler O'Neill's reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Sandler O'Neill and its affiliates and their respective partners, directors, officers, employees, agents, and controlling persons against certain expenses and liabilities, including liabilities under securities laws.

In the past, Sandler O'Neill has provided certain investment banking services to New York Community and has received compensation for such services, and Sandler O'Neill may provide, and receive compensation for, such services in the future, including during the period prior to the closing of the merger.

In the ordinary course of its business as a broker-dealer, Sandler O'Neill may purchase securities from and sell securities to PennFed and New York Community and their affiliates. Sandler O'Neill may also actively trade the debt and/or equity securities of PennFed or New York Community or their affiliates for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

Merger Consideration

Under the terms of the merger agreement, each outstanding share of PennFed common stock will convert into the right to receive 1.222 shares of New York Community common stock. No fractional shares of New York Community will be issued in connection with the merger. Instead, New York Community will make a cash payment to each PennFed stockholder who would otherwise receive a fractional share, equal to the fractional share amount multiplied by the closing price of New York Community common stock on the last trading day before the closing date of the merger.

If the average daily closing price of New York Community common stock during the measurement period is less than \$13.167 and New York Community's common stock has under-performed an index of New York Community peer financial institutions by more than 17.5% during the ten-day period after all bank regulatory approvals necessary for consummation of the merger are received compared to a measurement period before the announcement of the merger agreement, then PennFed may elect to terminate the merger agreement unless New York Community elects to increase the aggregate merger consideration. See *Termination; Amendment; Waiver*.

Based on the closing price of \$15.96 per share of New York Community common stock on November 2, 2006, each share of PennFed common stock that is exchanged solely for New York Community common stock would be converted into 1.222 shares of New York Community common stock, having a value of \$19.50 per share. However, as discussed above, the value of the shares of New York Community common stock to be exchanged for each share of PennFed common stock will fluctuate during the period up to and including the completion of the merger. We cannot assure you whether or when the merger will be completed, and you are advised to obtain current market quotations for New York Community common stock. See *Risk Factors - Risks Related to the Merger - Because the market price of New York Community common stock will fluctuate, you cannot be sure of the value of the merger consideration you will receive*.

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Effective Date of Merger

The parties expect that the merger will be effective on or about March 31, 2007, or as soon as possible after the receipt of PennFed stockholder and all regulatory approvals and all regulatory waiting periods expire. The merger will be legally completed by the filing of a certificate of merger with the Secretary of State of the State of Delaware and articles of merger with the Maryland Department of Assessments and Taxation. If the merger is not consummated by August 30, 2007, the merger agreement may be terminated by either PennFed or New York Community, unless the failure to consummate the merger by this date is due to a material breach by the party seeking to terminate the merger agreement of any of its obligations under the merger agreement. See *Termination; Amendment; Waiver* below.

Exchange of Certificates

New York Community is required to use all reasonable efforts to cause Mellon Investor Services, or another bank or trust company selected by New York Community and reasonably acceptable to PennFed (referred to below as the exchange agent), to, within five business days after the closing date of the merger, mail to each holder of record of PennFed common stock a letter of transmittal and instructions explaining how to surrender PennFed common stock certificates to the exchange agent. Holders of PennFed common stock who surrender their certificates to the exchange agent, together with a properly completed letter of transmittal, will receive the certificates representing the shares of New York Community common stock issuable to them and checks for the cash in lieu of their fractional share interests in New York Community common stock. Holders of unexchanged shares of PennFed common stock will not be entitled to receive any dividends or other distributions payable by New York Community after the effective time of the merger until their certificates are surrendered. When those certificates are surrendered, any unpaid dividends or distributions with respect to the shares of New York Community common stock will be paid, without interest. **PennFed common stock certificates should not be returned with your proxy card and should not be sent to the exchange agent until you receive the letter of transmittal.**

Treatment of Stock Options

Each outstanding option to purchase PennFed common stock granted under the PennFed Financial Services, Inc. 1994 Stock Option Plan that has not been exercised prior to completion of the merger, or cancelled in exchange for cash as described below, will convert into an option to purchase New York Community common stock on the same terms as the PennFed option, except that the number of New York Community shares underlying the converted option will be equal to the number of PennFed shares underlying the option prior to the conversion multiplied by the exchange ratio, rounded up or down to the nearest whole share, and the exercise price of the converted option will be adjusted by dividing the exercise price of the option prior to the conversion by the exchange ratio. No later than 10 days prior to the anticipated merger closing date, PennFed has the right, but not the obligation, to make a written offer to holders of PennFed stock options permitting such holders to elect to have some or all of their PennFed stock options cancelled at the effective time of the merger in exchange for a cash payment. The per share cash price would be equal to the average closing sales price of New York Community common stock for the 20 trading days preceding the merger closing date multiplied by the exchange ratio, less the exercise price per share. Any option cancellation payments would be paid by PennFed immediately before the effective time of the merger.

Employee Matters

The merger agreement calls for New York Community to assume and continue PennFed's employee benefit plans and arrangements, though New York Community reserves the right to amend or terminate these plans and arrangements. To the extent PennFed employee benefit plans or arrangements are terminated after the merger by New York Community, employees of PennFed and its subsidiaries who continue employment with New York Community will be entitled to benefits that are, in the aggregate, substantially similar to benefits provided to similarly situated employees of New York Community. All such continuing PennFed employees will be given

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credit for service at PennFed or its subsidiaries for eligibility to participate in, and the satisfaction of vesting

requirements (but not for benefit accrual purposes, except for vacation or as otherwise specifically set forth in the merger agreement) under, New York Community's compensation and benefit plans. Certain senior officers of PennFed and Penn Federal Savings Bank have also entered into agreements with PennFed and New York Community relating to the termination of their PennFed employment agreements and with respect to their transitional services with New York Community following the merger. See *Interests of Directors and Executive Officers In the Merger* below for a discussion of these agreements.

Interests of Directors and Executive Officers in the Merger

Employment Agreement Cancellation Agreements. Concurrent with the execution of the merger agreement, the existing agreements between PennFed and each of the following executive officers of PennFed were terminated and replaced with new agreements described below that changed the time of payment, but did not materially change the total amount, of the change-in-control benefits that these officers otherwise would have received under their existing employment agreements: Joseph L. LaMonica, President and Chief Executive Officer; Patrick D. McTernan, Senior Executive Vice President, General Counsel and Secretary; Jeffrey J. Carfora, Senior Executive Vice President and Chief Operating Officer; Claire M. Chadwick, Senior Executive Vice President and Chief Financial Officer; and Maria F. Magurno, Executive Vice President and Residential Lending Group Executive (the *Named Executives*).

Pursuant to employment agreement cancellation agreements entered into with PennFed and New York Community, Messrs. LaMonica, McTernan and Carfora, Ms. Chadwick and Ms. Magurno will receive lump sum cash payments at or immediately after the effective time of the merger of \$4,985,000, \$2,200,000, \$570,000, \$250,000 and \$200,000, respectively (the *Effective Time Payments*), provided that they have not voluntarily terminated their employment before the effective time. A Named Executive may elect to reduce his or her Effective Time Payment in exchange for New York Community Bank's continuation, at its expense, of health and dental insurance coverage for three years following the Named Executive's termination of employment with New York Community Bank pursuant to the Retention Agreement described below. Mr. Carfora, Ms. Chadwick and Ms. Magurno also will receive payments prior to December 31, 2006 of \$1,000,000, \$800,000 and \$550,000, respectively (the *2006 Payments*), to be repaid with interest at 7% per annum if the Named Executive voluntarily terminates his or her employment before the effective time of the merger or the termination of the merger agreement, whichever occurs first. If the merger agreement is terminated and Mr. Carfora, Ms. Chadwick and Ms. Magurno have not voluntarily terminated their employment prior to that time, then (1) they will retain their 2006 Payments but will not be entitled to receive any benefits in connection with any future change in control of PennFed under any other nonqualified plan or agreement, and (2) in the case of Mr. Carfora and

Ms. Chadwick, (a) their 2006 Payments will be treated as payments in full satisfaction of their benefits under the Penn Federal Savings Bank Supplemental Executive Retirement Plan (the *SERP*) relating to pre-2005 accruals (the *Pre-2005 SERP Amount*); and (b) if they voluntarily terminate their employment with PennFed before the earlier of November 2, 2011 or a subsequent change in control of PennFed, they will forfeit their entire interest in the SERP in excess of their Pre-2005 SERP Amount. Mr. LaMonica is required to exercise 50,000 of his non-qualified PennFed stock options by December 29, 2006, and the other Named Executives are required to exercise all of their non-qualified PennFed stock options by that date. The Effective Time Payments and the 2006 Payments are subject to reduction to the extent necessary to avoid such payments, when combined with any other benefits provided to the Named Executive, being considered *excess parachute payments* under Section 280G of the Internal Revenue Code.

Retention Agreements. In order to secure their continued services for a transition period following the merger, New York Community Bank has entered into Retention Agreements with Messrs. LaMonica, McTernan and Carfora, Ms. Chadwick and Ms. Magurno pursuant to which they will be employed by New York Community Bank for nine months after the merger and receive total retention compensation payments, paid in installments in accordance with New York Community Bank's customary payroll practices, of \$645,000, \$310,000, \$285,000, \$225,000 and \$165,000, respectively, plus participation in New York Community Bank

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employee benefit plans. Each of Messrs. LaMonica and McTernan also entered into a noncompetition agreement with New York Community providing for a three-year non-compete period following termination of employment with New York Community Bank. In consideration for the non-compete covenants, Messrs. LaMonica and McTernan will receive payments from New York Community totaling \$1,300,000 and \$625,000, respectively.

Amendments to Retirement Plans. With New York Community's consent, PennFed has amended the SERP, in which Messrs. LaMonica, McTernan and Carfora and Ms. Chadwick participate, the PennFed Financial Services, Inc. Director's Retirement Plan, in which PennFed Directors William C. Anderson and Marvin D. Schoonover participate, and the Consulting Agreements between PennFed and PennFed Directors Amadeu L. Carvalho and Mario Teixeira, Jr., to provide that, upon completion of the merger, the discounted present value of the associated vested benefits will be paid to the officer or director in a lump sum instead of in monthly installments over a 15-year period (in the case of the SERP) or a ten-year period (in the case of the Director's Retirement Plan and the Consulting Agreements).

Indemnification. Pursuant to the merger agreement, New York Community has agreed that from and after the effective date of the merger, it will indemnify and hold harmless each present and former officer or director of PennFed (the Indemnified Parties) against all losses, claims, damages, costs, expenses (including attorney's fees), liabilities, judgments or amounts that are paid in settlement (with the written approval of any such settlement by New York Community, which approval shall not be unreasonably withheld) of, or in connection with, any claim, action, suit, proceeding or investigation (each a Claim), based in whole or in part on, or arising in whole or in part out of, the fact that such person is or was a director or officer of PennFed if such Claim pertains to any matter of fact arising, existing or occurring at or before the closing of the merger to the fullest extent to which directors and officers of PennFed are entitled under applicable law and PennFed's articles of incorporation and bylaws (and New York Community will pay expenses in advance of the final disposition of any such action or proceeding to the fullest extent permitted under applicable law, provided that the person to whom such expenses are advanced agrees to repay such expenses if it is ultimately determined that such person is not entitled to indemnification).

Directors and Officers Insurance. New York Community has further agreed, for a period of six years after the effective date of the merger, to cause the persons serving as officers and directors of PennFed immediately prior to the effective date to continue to be covered by PennFed's current directors' and officers' liability insurance policy (provided that New York Community may substitute therefore policies of at least the same coverage and amounts containing terms and conditions which are substantially no less advantageous than such policy) with respect to matters occurring prior to the effective date which were committed by such officers and directors in their capacity as such. New York Community is not required to spend more than 150% of the annual cost currently incurred by PennFed for its insurance coverage.

Management and Operations of New York Community Bank After the Merger

It is expected that immediately after the merger is completed, Penn Federal Savings Bank will be merged with and into New York Community Bank, a wholly-owned subsidiary of New York Community. Management of New York Community Bank will remain unchanged after the bank merger.

Conduct of Business Pending the Merger

PennFed has agreed that, until completion of the merger, unless permitted by New York Community or unless required or permitted by the merger agreement, neither it nor its subsidiaries will:

General Business

conduct its business other than in the regular, ordinary and usual course;

fail to maintain and preserve intact its business organization and assets and maintain its rights and franchises;

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take any action that would adversely affect or delay the ability of the parties to obtain any regulatory approval required to consummate the transactions contemplated by the merger agreement or its ability to perform its obligations under the merger agreement;

Capital Stock

split, combine or reclassify its capital stock;

pay any cash or stock dividends or make any other distribution on its capital stock, except for regular quarterly cash dividends at a rate not exceeding \$0.07 per share and dividends paid by any PennFed subsidiary to its parent;

grant any right to acquire any of its shares of capital stock;

issue any additional shares of capital stock or any securities convertible or exercisable for any shares of its capital stock, except pursuant to the exercise of outstanding stock options and pursuant to its Dividend Reinvestment and Stock Purchase Plan;

redeem, purchase or otherwise acquire any shares of its capital stock;

Assets and Liabilities

acquire all or a substantial portion of the business or assets of a third party;

purchase assets or incur liabilities other than in the ordinary course of business;

sell or dispose of any of its assets, other than in the ordinary course of business consistent with past practice;

Merger with Another Entity

merge or consolidate with any other corporation;

Investments

purchase any equity securities, or purchase any securities other than those rated A or higher by either Standard & Poor's Services or Moody's Investor Service, with a weighted average life of five years or less, and otherwise than in the ordinary course of business consistent with past practice;

enter into any futures contract, option, interest rate caps, interest rate floors, interest rate exchange agreement or other agreement or take any action to hedge the exposure of its interest-earning assets and interest-bearing liabilities to changes in market rates of interest;

Contracts

enter into, amend in any material respect or terminate any contract or agreement, except in the ordinary course of business or as specifically permitted by the merger agreement;

renew any branch facility lease;

Loans

make any new loan or other credit facility commitment in an amount in excess of (i) \$1.5 million for a commercial real estate loan; (ii) \$500,000 for a commercial business loan; or (iii) \$1.5 million for any residential loan either by itself or when combined with the principal amount of loans outstanding with the same borrower;

sell any participation interest in any loan, other than the sale of one- to- four-family real estate loans consistent with past practice;

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Employees

increase the compensation or fringe benefits of any of its employees or directors, except as set forth in the merger agreement or, with respect to non-executive employees, bonuses and pay increases in the ordinary course of business consistent with past practice;

pay any bonus, severance or termination or contribution not required by any existing plan or agreement to any employees or directors, other than retention bonuses permitted under the merger agreement;

become a party to, amend or commit to any benefit plan or employment agreement or become a party to any agreement with an affiliate (other than a deposit transaction);

take any action that would give rise to a right of payment to any person under any employment agreement other than as specifically permitted by the merger agreement;

take any action that would accelerate the right to payment under any benefit plan;

hire or promote any employee to a rank having a title of vice president or other more senior rank or hire any employee with annual total compensation in excess of \$60,000 provided that PennFed may hire at-will, non-officer employees to fill vacancies that may from time to time arise in the ordinary course of business;

Settling Claims

settle any claim against it for more than \$20,000 individually or \$100,000 in the aggregate and that does not create negative precedent for other pending claims, actions, litigation, arbitration or proceedings;

Corporate Governance

amend its articles of incorporation or bylaws, except as required by law, or appoint a new director to its board of directors;

Capital Expenditures

make any capital expenditures in excess of \$20,000 individually or \$100,000 in the aggregate other than pursuant to binding commitments and other than expenditures necessary to maintain existing assets in good repair;

Branches

establish or commit to establish any new branch or other office or file an application to relocate or terminate the operation of an existing banking office;

Accounting

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change its method of accounting, except as required by changes in generally accepted accounting principles or regulatory guidelines;

Merger Agreement

take any action that is intended or expected to result in any of its representations and warranties under the merger agreement being or becoming untrue or in the conditions to the merger not being satisfied except as may be required by law; or

knowingly take any action that would prevent or impede the merger from qualifying as a reorganization under Section 368 of the Internal Revenue Code.

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Other Agreements

The merger agreement also contains other agreements relating to the conduct of New York Community and PennFed before consummation of the merger, including the following:

PennFed will give New York Community reasonable access upon reasonable notice during normal business hours to PennFed's property, resources, books, papers, records and personnel and furnish all information New York Community may reasonably request;

PennFed will provide New York Community with a written list of its non-performing assets within 15 business days of the end of each month;

PennFed will furnish New York Community with copies of audits and reports submitted to PennFed by its independent accountants, and, within 25 days after the end of each month, will deliver to New York Community consolidated financial statements for such month, and will furnish New York Community such additional financial data that PennFed possesses and as New York Community may reasonably request;

PennFed will maintain insurance as is customary in relation to the character and location of its properties and the nature of its business;

New York Community and PennFed will each supplement or amend its disclosure schedules prior to the effective time of the merger as necessary;

Unless required by applicable law or regulations, New York Community will not reduce its regular, quarterly cash dividend or declare, set aside or pay any extraordinary dividend or other distribution on its capital stock;

New York Community and PennFed will use all commercially reasonable best efforts to obtain all consents and approvals necessary or desirable to consummate the transactions contemplated by the merger agreement;

New York Community and PennFed will use all commercially reasonable best efforts to take or do all things necessary, proper and advisable under applicable law to consummate the transactions contemplated by the merger agreement;

New York Community and PennFed will promptly notify the other party if it determines that a condition to its obligation to complete the merger or the bank merger cannot be fulfilled and that it will not waive that condition;

New York Community and PennFed will cause their respective representatives to confer with each other and report the general status of the ongoing operations of their respective companies, and will promptly notify each other of any material change in the normal course of their respective businesses and, to the extent permitted by law, of any governmental complaints or investigations;

PennFed will promptly inform New York Community of any material litigation involving PennFed and of any notice of any legal proceeding relating to PennFed's alleged liability under any labor or employment law;

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PennFed will promptly provide New York Community with a copy of all documents filed with its banking regulators, each management report provided to its board of directors and each public press release;

PennFed will meet with New York Community on a regular basis to discuss and plan for the conversion of PennFed's data processing and related electronic information systems;

PennFed will consult with New York Community with respect to its loan, litigation and real estate valuation policies and practices and the parties will consult with respect to any restructuring charges to be taken by PennFed in connection with the merger transactions and PennFed will take such charges as New York Community reasonably requests where legally permissible after all regulatory approvals have been received and New York Community certifies that all other conditions to its obligations to complete the merger have been satisfied;

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New York Community and PennFed will use their reasonable best efforts to submit all necessary applications, notices, and other filings with any governmental entity, the approval of which is required to complete the merger and related transactions;

PennFed will take any necessary action to exempt New York Community and this transaction from any anti-takeover provisions contained in PennFed's articles of incorporation and bylaws or federal or state law, and from certain provisions of PennFed's Stockholder Rights Agreement;

New York Community and PennFed will use all reasonable efforts to take all actions necessary to consummate the merger and the transactions contemplated by the merger agreement;

PennFed and New York Community will consult with each other regarding any public statements about the merger and any filings with any governmental entity prior to any distribution;

New York Community and PennFed will consult with one another prior to issuing any press release or otherwise making public statements with respect to the merger;

PennFed will take all actions necessary to convene a meeting of its stockholders to vote on the merger. The PennFed Board of Directors will recommend at the stockholder meeting that the stockholders vote to approve the merger and will use its reasonable best efforts to solicit stockholder approval, unless it determines that such actions would not comply with its fiduciary obligations to PennFed stockholders; and

Before completion of the merger, New York Community will notify the New York Stock Exchange of the additional shares of New York Community common stock that New York Community will issue in exchange for shares of PennFed common stock in the merger.

Representations and Warranties

The merger agreement contains a number of customary representations and warranties made by New York Community and PennFed to each other regarding aspects of their respective businesses, financial condition, structure and other facts pertinent to the merger that are customary for a transaction of this kind. They relate to, among other things:

the organization, existence, and corporate power and authority, and capitalization of each of the companies;

the absence of conflicts with and violations of law and various documents, contracts and agreements;

the absence of any development materially adverse to the companies;

the absence of adverse material litigation;

the accuracy of reports and financial statements filed with the Securities and Exchange Commission;

the accuracy and completeness of the statements of fact made in the merger agreement;

the existence, performance and legal effect of certain contracts;

compliance with applicable law by both parties;

the filing of tax returns, payment of taxes and other tax matters by either party;

labor and employee benefit matters; and

compliance with applicable environmental laws by both parties.

The representations and warranties contained in the merger agreement were made only for purposes of such agreement and are made as of specific dates, were solely for the benefit of the parties to such agreement, and may be subject to limitations agreed to by the contracting parties, including being qualified by disclosures between the parties. These representations and warranties may have been made for the purpose of allocating risk between the parties to the agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors as statements of fact.

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Conditions to Completing the Merger

The respective obligations of New York Community and PennFed to complete the merger are subject to various conditions that must be satisfied or waived before completing the merger. The conditions include the following:

approval of the merger by PennFed stockholders;

receipt of all regulatory approvals required for the merger and the bank merger without any non-standard conditions that would, in the good faith reasonable judgment of New York Community's Board of Directors, materially and adversely affect the combined company or materially impair the value of PennFed to New York Community, and the expiration of all statutory waiting periods;

no party to the merger being subject to any legal order, decree or injunction that prohibits consummating any part of the transaction, and the absence of any statute, rule or regulation that prohibits completion of any part of the transaction;

the registration statement of which this proxy statement prospectus forms a part being declared effective by the Securities and Exchange Commission, the absence of any pending or threatened proceeding by the Securities and Exchange Commission to suspend the effectiveness of the registration statement and the absence of a stop order of any state securities commissioner;

receipt by each party of all material consents and approvals from third parties (other than those required from government agencies) required to complete the merger;

the other party having performed in all material respects its obligations under the merger agreement, the other party's representations and warranties being true and correct as of the date of the merger agreement and as of the closing date, the absence of any event or circumstance since June 30, 2006 having or reasonably likely to have a material adverse effect on the other party and receipt of a signed officer's certificate of the other party to that effect; and

the shares of New York Community common stock issuable pursuant to the merger being approved for listing on the New York Stock Exchange.

The parties may waive conditions to their obligations unless they are legally prohibited from doing so. Stockholder approval and regulatory approvals may not be legally waived by the parties.

Regulatory Approvals Required for the Merger

New York Community has agreed to make all filings required in order to obtain all regulatory approvals required to consummate the merger and the bank merger, which includes approval from the Federal Reserve Board (or a waiver of such approval requirement), the FDIC, and the New York State Banking Department.

Federal Reserve Board. Consummation of the merger will require New York Community to receive the prior approval of the Federal Reserve Board under the Bank Holding Company Act of 1956, as amended, or a waiver of such approval requirement. New York Community filed a waiver request of the Federal Reserve Board approval requirements on _____, 2007.

New York State Banking Department. Consummation of the merger will require New York Community to receive the prior approval of the New York State Banking Department under among others, Section 601 of the New York State Banking law. New York Community filed an application for this approval on January 5, 2007.

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FDIC. Immediately following the merger of PennFed with and into New York Community, New York Community expects to merge Penn Federal Savings Bank with and into New York Community Bank. The bank merger is subject to the approval of the FDIC under the Bank Merger Act. In granting the approval under the Bank Merger Act, the FDIC must consider the financial and managerial resources and future prospects of the existing and proposed institutions and the convenience and needs of the communities to be served. New York Community filed an application with the FDIC on December 22, 2006.

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In addition, a period of 15 days must expire following approval by the Federal Reserve Board or the FDIC before completion of the merger is allowed, within which period the United States Department of Justice may file objections to the merger under the federal antitrust laws. While New York Community and PennFed believe that the likelihood of objection by the Department of Justice is remote in this case, there can be no assurance that the Department of Justice will not initiate proceedings to block the merger, or that the Attorney General of the State of New York will not challenge the merger, or if any proceeding is instituted or challenge is made, as to the result of the challenge. PennFed must also deliver a notice of the merger to the OTS.

The merger cannot proceed in the absence of the requisite regulatory approvals. See *The Merger and the Merger Agreement Conditions to Completing the Merger* and *Termination; Amendments, Waiver*. There can be no assurance that the requisite regulatory approvals will be obtained, and if obtained, there can be no assurance as to the date of any approval. There can also be no assurance that any regulatory approvals will not contain a condition or requirement that causes the approvals to fail to satisfy the condition set forth in the merger agreement and described under *The Merger and the Merger Agreement Conditions to Completing the Merger*.

The approval of any application merely implies the satisfaction of regulatory criteria for approval, which does not include review of the merger from the standpoint of the adequacy of the exchange ratio for converting PennFed common stock to New York Community common stock. Furthermore, regulatory approvals do not constitute an endorsement or recommendation of the merger.

Agreement Not to Solicit Other Proposals

PennFed has agreed not to solicit, initiate, encourage or facilitate any acquisition proposal by a third party, to participate in discussions or negotiations regarding an acquisition proposal or to enter into any agreement requiring it to abandon or terminate the merger agreement with New York Community. An acquisition proposal includes the following:

any merger, consolidation, share exchange, business combination, or other similar transaction involving PennFed or its subsidiaries;

any sale, lease, share, exchange, mortgage, pledge, transfer or other disposition of the consolidated assets of PennFed in one or more transactions outside the ordinary course of business;

any tender offer or exchange offer for 25% or more of the outstanding shares of capital stock of PennFed or the filing of a registration statement under the Securities Act in connection therewith; and

any public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing.

PennFed may, however, furnish information regarding PennFed to, or enter into and engage in discussion with, any person or entity in response to an unsolicited written proposal by the person or entity relating to an acquisition proposal if:

PennFed's Board of Directors determines, after consultation with, and after considering the advice of, its independent financial advisor, that such proposal is superior to the New York Community merger from a financial point of view for PennFed's stockholders;

PennFed's Board of Directors determines, after consultation with, and after considering the advice of, independent legal counsel, that the action is required for PennFed's directors to comply with their fiduciary obligations under applicable law;

PennFed promptly notifies New York Community of such inquiries, proposals or offers, the material terms of such inquiries, proposals or offers and the identity of the person making such inquiry, proposal or offer; and

The PennFed special stockholders meeting has not yet occurred.

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The merger agreement refers to such an acquisition proposal as a superior proposal. PennFed's pursuit of a superior proposal may result in the payment of a \$10.0 million termination fee to New York Community. See *Termination; Amendment; Waiver*.

Termination; Amendment; Waiver

The merger agreement may be terminated before the closing of the merger, whether before or after approval of the merger by PennFed's stockholders, as follows:

by mutual written agreement of the Boards of Directors of New York Community and PennFed;

by the Board of Directors of either New York Community or PennFed, if the merger has not been completed on or before August 30, 2007 (or such later date as may be mutually agreed upon by New York Community and PennFed, and such failure to close is not due to the terminating party's material breach of any representation, warranty, covenant or other agreement contained in the merger agreement, or if any of the conditions precedent to the terminating party's obligations to complete the merger cannot be satisfied by such date and the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement;

by the Board of Directors of either New York Community or PennFed, if PennFed stockholders do not approve the merger at the special meeting, provided that PennFed may not terminate the merger agreement under this provision if it violated its agreement not to solicit third party acquisition proposals (as described under *Agreement Not to Solicit Other Proposals*) or if its Board of Directors withdraws, modifies or changes in any manner adverse to New York Community the Board's recommendation that PennFed stockholders approve the merger, except in connection with a superior proposal (as described under *Agreement Not to Solicit Other Proposals*) where the Board has determined, with the advice of its outside counsel, that the withdrawal, modification or change of its recommendation is required by its fiduciary duties;

by the Board of Directors of a non-breaching party if the other party: (1) breaches any covenants or undertakings contained in the merger agreement; or (2) breaches any representations or warranties contained in the merger agreement, in each case if such breach cannot be cured prior to August 30, 2007 (or such later date as may be mutually agreed upon by New York Community and PennFed) or within thirty days after notice from the terminating party and provided that the terminating party has the right to not consummate the merger as a result of such breach and any other breaches;

by the Board of Directors of either New York Community or PennFed, if a bank regulatory authority whose approval is required for the merger or the bank merger takes final, nonappealable action denying such approval or if a court or other governmental body issues a final, nonappealable order prohibiting the merger;

by the Board of Directors of New York Community, if PennFed violates its agreement not to solicit third-party acquisition proposals or if its Board of Directors withdraws its recommendation that PennFed stockholders approve the merger;

by the Board of Directors of New York Community if PennFed shall have received a superior proposal, and either PennFed shall have entered into an acquisition agreement with respect to such superior proposal or the Board of Directors of PennFed withdraws, or modifies or qualifies in a manner adverse to New York Community, the Board's recommendation that PennFed stockholders approve the merger; or

by the Board of Directors of PennFed in order to accept a superior proposal, provided that PennFed has notified New York Community at least five business days in advance of such superior proposal and given New York Community the opportunity during

such period, if New York Community elects in its sole discretion, to negotiate amendments to the merger agreement which would permit PennFed to proceed with the proposed merger with New York Community.

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Under the latter two scenarios described above, if the merger agreement is terminated, PennFed must pay to New York Community a cash fee of \$10.0 million. The fee would also be payable to New York Community if the Board of Directors of PennFed authorizes a third-party acquisition proposal, or if PennFed enters into a definitive agreement for an acquisition proposal or consummates an acquisition proposal within fifteen months of the termination of the merger agreement, if the termination was by New York Community due to a willful breach of a representation, warranty, covenant or agreement by PennFed or by either party due to the failure of the merger to be completed by August 30, 2007 (or such later date as may be mutually agreed upon by New York Community and PennFed) or the failure of the stockholders of PennFed to approve the merger, in any case, after PennFed has received an acquisition proposal.

Additionally, the Board of Directors of PennFed may terminate the merger agreement if, at any time during the five-business day period commencing on the first date on which all bank regulatory approvals (and waivers, if applicable) necessary for consummation of the merger and the bank merger have been received (disregarding any waiting period) (the Determination Date), such termination to be effective thirty days thereafter, if both of the following conditions are satisfied:

the average of the daily closing sales price of New York Community common stock for the ten consecutive trading days immediately preceding the Determination Date (the New York Community Market Value) is less than \$13.167; and

the number obtained by dividing (a) the average of the daily closing sales prices of New York Community common stock for the ten consecutive trading days immediately preceding the Determination Date by (b) the closing sales price of New York Community common stock on November 2, 2006 (\$15.96) (the Initial New York Community Market Value), is less than the quotient obtained by dividing (a) the sum of the average of the daily closing sales prices for the ten consecutive trading days immediately preceding the Determination Date of a group of financial institution holding companies listed in the merger agreement, given the weighting designated in the merger agreement (the Final Index Price) by (b) the sum of the average of the daily closing sales prices of those weighted financial institution holding companies on the trading day immediately preceding the public announcement of the merger agreement (the Initial Index Price), minus 0.175.

If PennFed elects to exercise its termination right as described above, it must give prompt written notice to New York Community. During the five business day period commencing with its receipt of such notice, New York Community shall have the option to increase the merger consideration in the form of New York Community common stock, cash or a combination of both to be received by the holders of PennFed common stock so that the merger consideration shall be valued at the lesser of: (i) \$13.167 (the result of \$15.96 multiplied by 0.825) multiplied by the exchange ratio or (ii) the product obtained by multiplying the index ratio (the Final Index Price divided by the Initial Index Price) by \$15.96 multiplied by the exchange ratio. If New York Community so elects, it shall give, within such five business-day period, written notice to PennFed of such election and the revised exchange ratio, whereupon no termination shall be deemed to have occurred and the merger agreement shall remain in full force and effect in accordance with its terms (except as the revised exchange ratio shall have been so modified). Because the formula depends on the future price of New York Community's common stock and that of the index group, it is not possible presently to determine the adjusted exchange ratio, but, in general, to the extent New York Community elected to pay the additional merger consideration in New York Community common stock the ratio would be increased and, consequently, more shares of New York Community common stock would be issued, to take into account the extent to which the average price of New York Community's common stock exceeded the decline in the average price of the common stock of the index group.

The merger agreement may be amended by the parties at any time before or after approval of the merger agreement by the PennFed stockholders. However, after such approval, no amendment may be made without their approval if it reduces the exchange ratio or materially adversely affects the rights of the PennFed stockholders.

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The parties may waive any of their conditions to closing, unless they may not be waived under law.

Fees and Expenses

New York Community and PennFed will each pay its own costs and expenses in connection with the merger agreement and the transactions contemplated thereby except as described above.

Material United States Federal Income Tax Consequences of the Merger

General. The following discussion sets forth the material United States federal income tax consequences of the merger to U.S. holders (as defined below) of PennFed common stock. This discussion does not address any tax consequences arising under the laws of any state, locality or foreign jurisdiction. This discussion is based upon the Internal Revenue Code of 1986, as amended, the regulations of the U.S. Treasury Department, and court and administrative rulings and decisions in effect on the date of this document. These laws may change, possibly retroactively, and any change could affect the continuing validity of this discussion.

For purposes of this discussion, the term "U.S. holder" means:

a citizen or resident of the United States;

a corporation created or organized under the laws of the United States or any of its political subdivisions;

a trust that (1) is subject to the supervision of a court within the United States and the control of one or more United States persons, or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person; or

an estate that is subject to United States federal income tax on its income regardless of its source.

This discussion assumes that you hold your shares of PennFed common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code. Further, the discussion does not address all aspects of U.S. federal income taxation that may be relevant to you in light of your particular circumstances or that may be applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

a financial institution;

a tax-exempt organization;

an S corporation or other pass-through entity;

an insurance company;

a mutual fund;

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a dealer in securities or foreign currencies;

a trader in securities who elects the mark-to-market method of accounting for your securities;

a PennFed stockholder whose shares are qualified small business stock for purposes of Section 1202 of the Internal Revenue Code or who may otherwise be subject to the alternative minimum tax provisions of the Internal Revenue Code;

a PennFed stockholder who received PennFed common stock through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan;

a person that has a functional currency other than the U.S. dollar;

a holder of options granted under any PennFed benefit plan; or

a PennFed stockholder who holds PennFed common stock as part of a hedge, straddle or constructive sale or conversion transaction.

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If a partnership (including an entity treated as a partnership for United States federal income tax purposes) holds PennFed common stock, the tax treatment of a partner in the partnership will generally depend on the status of such partner and the activities of the partnership.

Based on representations contained in letters provided by New York Community and PennFed and on certain customary factual assumptions, all of which must continue to be true and accurate in all material respects as of the effective time of the merger, it is the opinion of Muldoon Murphy & Aguggia LLP, counsel to New York Community, that the material United States federal income tax consequences of the merger are as follows:

the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code or will be treated as part of a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

no gain or loss will be recognized by New York Community, its subsidiaries or PennFed or Penn Federal Savings Bank by reason of the merger;

you will not recognize gain or loss upon exchange of your PennFed common stock for New York Community common stock, except to the extent of any cash received in lieu of a fractional share of New York Community common stock;

your tax basis in the New York Community common stock that you receive in the merger (including any fractional share interest you are deemed to receive and exchange for cash), will equal your tax basis in the PennFed common stock you surrendered;

if you receive cash instead of a fractional share interest of New York Community common stock, you will be considered as having received the fractional share pursuant to the merger and then having exchanged the fractional share for cash in a redemption by New York Community. As a result, you will generally recognize a gain or loss equal to the difference between the amount of cash received and the basis in your fractional share interest as set forth above. The gain or loss will be a capital gain or loss, and will be a long term capital gain or loss if, as of the effective date of the merger, your holding period for such shares is greater than one year. The deductibility of capital losses is subject to limitations; and

your holding period for the New York Community common stock that you receive in exchange for PennFed common stock will include your holding period for the shares of PennFed common stock that you surrender in the merger.

Holding New York Community Common Stock. The following discussion describes the U.S. federal income tax consequences to a holder of New York Community common stock after the merger. Any cash distribution paid by New York Community out of earnings and profits, as determined under U.S. federal income tax law, will be subject to tax as ordinary dividend income and will be includible in your gross income in accordance with your method of accounting. Cash distributions paid by New York Community in excess of its earnings and profits will be treated as (i) a tax-free return of capital to the extent of your adjusted basis in your New York Community common stock (reducing such adjusted basis, but not below zero), and (ii) thereafter as a gain from the sale or exchange of a capital asset.

Upon the sale, exchange or other disposition of New York Community common stock, you will generally recognize gain or loss equal to the difference between the amount realized upon the disposition and your adjusted tax basis in the shares of New York Community common stock surrendered. Any such gain or loss generally will be long-term capital gain or loss if your holding period with respect to the New York Community common stock surrendered is more than one year at the time of the disposition.

Limitations on Tax Opinion and Discussion. As noted earlier, the tax opinion is subject to certain assumptions, relating to, among other things, the truth and accuracy of certain representations made by New York Community and PennFed, and the consummation of the merger in accordance with the terms of the merger agreement and applicable state law. Furthermore, the tax opinion will not bind the Internal Revenue Service and,

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therefore, the IRS is not precluded from asserting a contrary position. The tax opinion and this discussion are based on currently existing provisions of the Internal Revenue Code, existing and proposed Treasury regulations, and current administrative rulings and court decisions. There can be no assurance that future legislative, judicial, or administrative changes or interpretations will not adversely affect the accuracy of the tax opinion or of the statements and conclusions set forth in this document. Any such changes or interpretations could be applied retroactively and could affect the tax consequences of the merger.

The preceding discussion is intended only as a summary of the material United States federal income tax consequences of the merger. It is not a complete analysis or discussion of all potential tax effects that may be important to you. We urge PennFed stockholders to consult their own tax advisors as to the specific tax consequences to them resulting from the merger, including tax return reporting requirements, the applicability and effect of federal, state, local, and other applicable tax laws and the effect of any proposed changes in the tax laws.

Restrictions on Resale of Shares of New York Community Common Stock

All shares of New York Community common stock received by PennFed stockholders in the merger will be registered under the Securities Act of 1933 and will be freely transferable under the Securities Act of 1933, except that shares of New York Community common stock received by persons who are deemed to be affiliates, as the term is defined under the Securities Act of 1933, of PennFed at the time of the special meeting may be resold by them only in transactions permitted by the resale provisions of Rule 145 under the Securities Act of 1933 or as otherwise permitted under the Securities Act of 1933. Persons who may be deemed to be affiliates of PennFed generally include individuals or entities that control, are controlled by, or are under common control with, PennFed and may include certain officers and directors of PennFed as well as principal stockholders of PennFed. Pursuant to the merger agreement, PennFed has delivered to New York Community a letter agreement from each person believed to be an affiliate of PennFed that is intended to ensure compliance with the Securities Act of 1933 with respect to any subsequent transfers by such persons of shares of New York Community common stock received in the merger.

This proxy statement-prospectus does not cover resales of New York Community common stock received by any person who may be deemed to be an affiliate of PennFed.

Accounting Treatment

In accordance with accounting principles generally accepted in the United States of America, the merger will be accounted for by New York Community in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations. The result of this is that the recorded assets and liabilities of New York Community will be carried forward at their recorded amounts, the historical operating results will be unchanged for the prior periods being reported on and the assets and liabilities from the acquisition of PennFed will be adjusted to fair value at the date of the merger. In addition, all identified intangibles, which presently consist of a core deposit intangible, will be recorded at fair value and included as part of the net assets acquired. To the extent that the purchase price, consisting of cash (in lieu of fractional shares) plus the number of shares of New York Community common stock to be issued to former PennFed stockholders, exceeds the fair value of the net assets, including identifiable intangibles, of PennFed at the merger completion date, that amount will be reported by New York Community as goodwill. In accordance with SFAS No. 142, Goodwill and Other Intangible Assets, goodwill will not be amortized but will be evaluated for impairment annually. Identified intangibles will be amortized over their estimated lives. Further, the purchase accounting method results in the operating results of PennFed being included in the consolidated income of New York Community beginning from the date of consummation of the merger.

Table of Contents**COMPARISON OF STOCKHOLDERS RIGHTS****General**

New York Community is incorporated under the laws of the State of Delaware and, accordingly, the rights of New York Community stockholders are governed by the laws of the State of Delaware and New York Community's certificate of incorporation and bylaws. PennFed is incorporated under the laws of the State of Maryland and, accordingly, the rights of PennFed stockholders are governed by the laws of the State of Maryland and PennFed's articles of incorporation and bylaws. As a result of the merger, PennFed stockholders will become stockholders of New York Community. Therefore, following the merger, the rights of PennFed stockholders who become New York Community stockholders in the merger will be governed by the laws of the State of Delaware and will also then be governed by the New York Community certificate of incorporation and bylaws. The New York Community certificate of incorporation and bylaws will be unaltered by the merger.

Comparison of Stockholders Rights

Set forth below is a summary comparison of material differences between the rights of a New York Community stockholder under the New York Community certificate of incorporation, New York Community bylaws, and Delaware General Corporation Law (left column) and the rights of a stockholder under the PennFed articles of incorporation, PennFed bylaws, and Maryland law (right column). The summary set forth below is not intended to provide a comprehensive summary of Delaware or Maryland law, or of each company's governing documents. This summary is qualified in its entirety by reference to the full text of the New York Community certificate of incorporation and bylaws, and the PennFed articles of incorporation, bylaws, PennFed's Stockholder Protection Rights Agreement and the applicable provisions of Delaware and Maryland law.

Authorized Stock*New York Community**PennFed*

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| <ul style="list-style-type: none"> • New York Community's certificate of incorporation authorizes 605,000,000 shares of capital stock, consisting of 5,000,000 shares of preferred stock, \$.01 par value, and 600,000,000 shares of common stock, \$.01 par value. • As of January 26, 2007, there were • shares of New York Community common stock issued and outstanding. • As of January 26, 2007, there were no shares of New York Community preferred stock issued and outstanding. | <ul style="list-style-type: none"> • PennFed's articles of incorporation authorize 22,000,000 shares of capital stock, consisting of 7,000,000 shares of preferred stock, \$.01 par value, and 15,000,000 shares of common stock \$.1 par value. • As of January 26, 2007, there were 12,965,601 shares of PennFed common stock issued and outstanding. • As of January 26, 2007, there were no shares of PennFed preferred stock issued and outstanding. |
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Corporate Governance*New York Community**PennFed*

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|---|--|
| <ul style="list-style-type: none"> • The rights of New York Community stockholders are governed by Delaware law and the certificate of incorporation and bylaws of New York Community Bancorp. | <ul style="list-style-type: none"> • The rights of PennFed stockholders are governed by Maryland law and the articles of incorporation and bylaws of PennFed. |
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Voting Rights

New York Community

PennFed

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| <ul style="list-style-type: none"> • Except as provided under the terms of any series of preferred stock (as provided by the Board of Directors), the holders of common stock exclusively hold all voting power. • Under Delaware law, unless otherwise provided in the certificate of incorporation, each stockholder is entitled to one vote for each share of common stock held by such stockholder. Under New York Community's certificate of incorporation, a beneficial owner of in excess of 10% of the then-outstanding shares of common stock (the Limit) is not entitled to any vote in respect of the shares held in excess of the Limit. • Under Delaware law, the certificate of incorporation may provide for cumulative voting for election of directors. As New York Community's certificate of incorporation does not so provide, stockholders may not cumulate their votes for the election of directors. | <ul style="list-style-type: none"> • Same. • Same as under Maryland law. PennFed has a substantially identical 10% voting limitation provision in its articles of incorporation. • Same under Maryland law. PennFed's articles of incorporation do not permit cumulative voting. |
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Certain Business Combinations

New York Community

PennFed

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| <ul style="list-style-type: none"> • New York Community's certificate of incorporation provides that at least 80% of the voting power of the then outstanding shares of voting stock must approve certain business combinations involving an interested stockholder. However, this vote requirement is not applicable to any particular business combination, and such business combination shall require only the vote of a majority of the outstanding shares of capital stock entitled to vote, if a majority of directors not affiliated with the interested stockholder approves the business combination, or certain price and procedure requirements are met. An interested stockholder generally means a person who is a greater than 10% stockholder of New York Community or who is an affiliate of New York Community and at any time within the past two years was a greater than 10% stockholder of New York Community. | <ul style="list-style-type: none"> • PennFed has a nearly identical provision in its articles of incorporation. <p>The Maryland General Corporation Law contains a business combination statute that prohibits a business combination between a corporation and an interested stockholder (one who beneficially owns 10% or more of the voting power) for a period of five years after the interested stockholder first becomes an interested stockholder, unless the transaction has been approved by the board of directors before the interested stockholder became an interested stockholder or the corporation has exempted itself from the statute pursuant to a charter provision. After the five-year period has elapsed, a corporation subject to the statute may not consummate a business combination with an interested stockholder unless (1) the transaction has been recommended by the board of directors and (2) the transaction has been approved by (a) 80% of the outstanding</p> |
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Section 203 of the Delaware General Corporation Law provides that if a person

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acquires 15% or more of the stock of a Delaware corporation, thereby becoming an interested stockholder (for purposes of Section 203), that person may not engage in certain business combinations with the corporation for a period of three years unless (1) the board of directors approved the acquisition of stock or the business combination transaction prior to the time that the person became an interested stockholder; (2) the person became an interested stockholder and 85% owner of the voting stock of the corporation in the same transaction, excluding voting stock owned by directors who are also officers and certain employee stock plans; or (3) the business combination transaction is approved by the board of directors and by the affirmative vote of two-thirds of the outstanding voting stock which is not owned by the interested stockholder at an annual or special meeting.

shares entitled to be cast and (b) two-thirds of the votes entitled to be cast other than shares owned by the interested stockholder. This approval requirement need not be met if certain fair price and terms criteria have been satisfied. PennFed has opted-out of the Maryland business combination statute through a provision in its charter.

A Delaware corporation may elect not to be governed by Section 203. New York Community has not made such an election.

Dividends

New York Community

PennFed

- Under Delaware law, stockholders are entitled, when declared by the board of directors, to receive dividends, subject to any restrictions contained in the certificate of incorporation and subject to any rights or preferences of any series of preferred stock. There are no express restrictions regarding dividends in New York Community's certificate of incorporation.

- Holders of common stock are entitled, when declared by PennFed's Board of Directors, to receive dividends, subject to any rights or preferences of any series of preferred stock.

Prevention of Greenmail

New York Community

PennFed

- New York Community does not have an anti-greenmail provision in its certificate of incorporation or bylaws.

- PennFed's articles of incorporation generally prohibit PennFed from acquiring any of its own equity securities from a beneficial owner of 5% or more of PennFed's voting stock unless: (i) the acquisition is approved by the holders of at least 80% of PennFed's voting stock not owned by the seller, voting together as a single class; (ii) the acquisition is made as part of a tender or exchange offer

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by PennFed or a subsidiary of PennFed to purchase securities of the same class on the same terms to all holders of such securities; (iii) the acquisition is pursuant to an open market purchase program approved by a majority of the board of directors, including a majority of the disinterested directors; or (iv) the acquisition is at or below the market price of the PennFed common stock and is approved by a majority of the board of directors, including a majority of the disinterested directors.

Appraisal Rights

New York Community

PennFed

- Delaware law provides that stockholders of a corporation who are voting on a merger or consolidation generally are entitled to dissent from the transaction and obtain payment of the fair value of their shares (so-called appraisal rights). Appraisal rights do not apply if, however, (1) the shares are listed on a national securities exchange or are held by 2,000 or more holders of record (as is currently the case with respect to New York Community's common stock) and (2) except for cash in lieu of fractional share interests, the shares are being exchanged for the shares of the surviving corporation of the merger or the shares of any other corporation, which shares of such other corporation will, as of the effective date of the merger or consolidation, be listed on a national securities exchange or be held of record by more than 2,000 holders. Appraisal rights also are not available to a corporation's stockholders when the corporation will be the surviving corporation and a vote of its stockholders is not required to approve the merger.

- Maryland law provides that, except in connection with a transaction governed by the Maryland business combination statute or exempted from that statute pursuant to the statute's fair price provisions, a stockholder is not entitled to demand the fair value of his or her shares of stock in any transaction if the stock is listed on a national securities exchange. Because, as described under *Certain Business Combinations*, PennFed has opted-out of the Maryland business combination statute through a provision in its articles of incorporation, and since PennFed common stock is listed on a national securities exchange, the holders of PennFed common stock are not entitled to appraisal rights under any circumstances, regardless of the form of consideration to be paid for their shares.

Delaware law also provides that any corporation may provide in its certificate of incorporation that appraisal rights shall be available in connection with amendments to its certificate of incorporation, any merger to which the corporation is a party or the sale of all or substantially all of the corporation's assets. New York Community's certificate of incorporation contains no such provision.

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Stockholders Meeting

New York Community

PennFed

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| <ul style="list-style-type: none"> • Written notice of all meetings of stockholders must be given no fewer than 10 days and no more than 60 days before the meeting to each stockholder entitled to vote. • A majority of all shares entitled to vote at the meeting, present in person or by proxy, will constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. • Special meetings may be called only by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board, meaning the total number of directors which the Corporation would have if there were no vacancies on the Board. • For purposes of determining stockholders entitled to vote at a meeting, the board of directors may fix, in advance, a record date that is neither less than 10 days nor more than 60 days before the meeting. If no record date is fixed, the record date is the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the next day preceding the day on which the meeting is held. • The Board of Directors or any stockholder may nominate directors for election or propose new business. | <ul style="list-style-type: none"> • Written or electronic notice of all meetings of stockholders must be given no fewer than 10 days and no more than 90 days before the meeting to each stockholder entitled to vote and entitled to notice of the meeting. • One-third of all shares entitled to vote, present in person or by proxy, will constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. • Special meetings may be called by the President or by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors which the corporation would have if there were no vacancies on the Board of Directors. Special meetings may be called at the request of stockholders by the secretary only on the written request of stockholders entitled to cast at least a majority of all votes entitled to be cast at the meeting. • Under Maryland law, unless the bylaws provide otherwise, the board of directors may set a record date for the purposes of making any proper determination with respect to stockholders. The record date may not be prior to the close of business on the day the record date is fixed and shall not be more than 90 days before the date on which the action will be taken; in the case of a stockholders meeting, the record date must be at least 10 days before the meeting. |
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