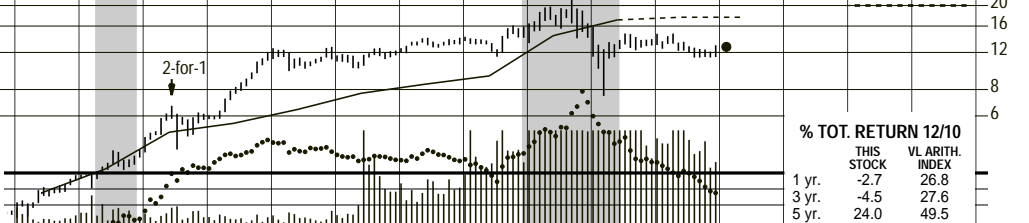


HUDSON CITY BANC. NDQ-HCBK

RECENT PRICE **12.76** P/E RATIO **12.2** (Trailing: 11.4 Median: NMF) RELATIVE P/E RATIO **0.73** DIV'D YLD **4.7%** VALUE LINE

| | | |
|-------------------------------------|---|-----------------------------------|
| TIMELINESS 3 Lowered 6/5/09 | High: 2.2 3.2 4.1 6.7 12.0 12.8 12.6 14.1 16.1 25.0 15.9 14.8 | Target Price Range 2013 2014 2015 |
| SAFETY 3 New 1/20/06 | Low: 1.7 2.0 2.7 4.0 5.8 9.8 10.1 11.9 11.5 13.3 7.5 11.3 | |
| TECHNICAL 3 Lowered 12/24/10 | LEGENDS 16.0 x Earnings p sh Relative Price Strength 2-for-1 split 6/02 221% Div 6/05 Options: Yes Shaded areas indicate recessions | |
| BETA .80 (1.00 = Market) | | |
| 2013-15 PROJECTIONS | | |
| Price | Ann'l Total | |
| High 30 (+135%) | Gain 26% | |
| Low 20 (+55%) | Return 15% | |
| Insider Decisions | | |
| F M A M J J A S O | | |
| to Buy 0 0 0 0 0 0 0 0 0 0 | | |
| Options 0 0 0 0 0 0 0 0 0 0 | | |
| to Sell 0 0 0 0 0 0 0 0 0 0 | | |
| Institutional Decisions | | |
| 1Q2010 2Q2010 3Q2010 | Percent shares traded | |
| to Buy 202 188 206 | 15 | |
| to Sell 197 207 175 | 10 | |
| Hld's(000) 301320 305922 302051 | 5 | |



In 1999, Hudson City Savings converted from a New Jersey chartered mutual savings bank into Hudson City Bancorp, Inc., an institution partly owned by a mutual holding company and partly by the public. On June 7, 2005, a second-step conversion was effected, eliminating the mutual holding company ownership structure and making HCBK entirely publicly owned. Stock was issued at \$10 a share. Ryan Beck & Co. served as the underwriter.

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | © VALUE LINE PUB. LLC 13-15 | |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------------------------------|--------|
| 11.27 | 17.19 | 21.19 | 23.28 | 27.96 | 32.99 | 46.60 | 65.11 | 74.49 | 79.17 | 79.50 | 82.50 | 82.50 | Mortgage Loans per sh | 105.00 |
| 9.18 | 12.43 | 14.83 | 17.16 | 19.21 | 19.33 | 24.05 | 29.22 | 35.25 | 46.68 | 47.15 | 46.50 | 46.50 | Savings Deposits per sh | 62.25 |
| .16 | .21 | .31 | .35 | .40 | .48 | .53 | .58 | .90 | 1.07 | 1.10 | 1.10 | 1.10 | Earnings per sh ^A | 1.55 |
| .05 | .07 | .11 | .16 | .22 | .27 | .30 | .33 | .45 | .59 | .60 | .60 | .60 | Div'ds Decl'd per sh ^B † | .75 |
| 2.04 | 2.02 | 2.14 | 2.18 | 2.35 | 2.83 | 3.84 | 4.89 | 9.43 | 10.14 | 10.75 | 11.20 | 11.20 | Book Value per sh ^C | 13.10 |
| 719.04 | 636.60 | 616.23 | 609.37 | 597.53 | 588.91 | 557.79 | 518.57 | 523.77 | 526.49 | 526.60 | 527.00 | 527.00 | Common Shs Outst'g ^D | 530.00 |
| 15.8 | 16.6 | 17.4 | 24.1 | 28.1 | 23.8 | 24.9 | 23.9 | 19.1 | 12.0 | 11.5 | 11.5 | 11.5 | Avg Ann'l P/E Ratio | 16.0 |
| 1.03 | .85 | .95 | 1.37 | 1.48 | 1.27 | 1.34 | 1.27 | 1.15 | .79 | .75 | .75 | .75 | Relative P/E Ratio | 1.05 |
| 1.8% | 2.1% | 2.0% | 1.9% | 1.9% | 2.4% | 2.3% | 2.4% | 2.6% | 4.6% | 4.7% | 4.7% | 4.7% | Avg Ann'l Div'd Yield | 3.0% |
| 618.6 | 695.2 | 792.2 | 807.0 | 931.6 | 1186.9 | 1621.1 | 2134.8 | 2661.7 | 2975.4 | 2965 | 2950 | 2950 | Gross Income (\$mill) | 4025 |
| 58.2% | 58.0% | 50.0% | 46.6% | 46.2% | 52.0% | 61.8% | 69.3% | 64.3% | 57.1% | 53.5% | 54.5% | 54.5% | Int Cost to Gross Inc | 60.0% |
| 114.8 | 134.5 | 192.0 | 207.4 | 239.3 | 276.1 | 288.6 | 295.9 | 445.6 | 527.2 | 545 | 545 | 545 | Net Profit (\$mill) | 770 |
| 35.3% | 35.3% | 36.3% | 36.6% | 37.4% | 37.6% | 37.3% | 38.6% | 39.2% | 39.7% | 40.0% | 40.0% | 40.0% | Income Tax Rate | 40.0% |
| 18.6% | 19.4% | 24.2% | 25.7% | 25.7% | 23.3% | 17.8% | 13.9% | 16.7% | 17.7% | 18.4% | 18.5% | 18.5% | Net Profit Margin | 19.1% |
| 9380.4 | 11427 | 14145 | 17033 | 20146 | 28075 | 35507 | 44424 | 54145 | 60268 | 60500 | 63000 | 63000 | Total Assets (\$mill) | 80000 |
| 300.0 | 1300.0 | 2750.0 | 3200.0 | 2800.0 | 4300.0 | 8050.0 | 12016 | 15125 | 14875 | 15000 | 17000 | 17000 | FHLB Advances (\$mill) | 26000 |
| 1464.6 | 1288.7 | 1316.1 | 1329.4 | 1402.9 | 5201.5 | 4930.3 | 4611.3 | 4938.8 | 5339.2 | 5675 | 5890 | 5890 | Shr. Equity (\$mill) | 6950 |
| -- | -- | -- | -- | 4587.0 | 5870.0 | 4830.0 | 7323.8 | 8100.0 | 9220.0 | 6500 | 7000 | 7000 | New Loan Volume (\$mill) | 8000 |
| -- | -- | -- | -- | -- | 1% | 2% | 2% | 6% | 2.0% | 2.2% | 2.0% | 2.0% | Problem Assets to Lns | .7% |
| 15.6% | 11.3% | 9.3% | 7.8% | 7.0% | 18.5% | 13.9% | 10.4% | 9.1% | 8.9% | 9.5% | 9.5% | 9.5% | Shr. Eq. to Total Assets | 8.5% |
| 10.4% | 9.7% | 9.6% | 10.6% | 10.4% | 10.8% | 9.8% | 7.9% | 7.4% | 8.9% | 9.0% | 9.0% | 9.0% | G&A Exp to Gross Inc | 8.0% |
| 1.22% | 1.18% | 1.36% | 1.22% | 1.19% | .98% | .81% | .67% | .82% | .87% | .90% | .85% | .85% | Return on Total Assets | .95% |
| 7.8% | 10.4% | 14.6% | 15.6% | 17.1% | 5.3% | 5.9% | 6.4% | 9.0% | 9.9% | 9.5% | 9.5% | 9.5% | Return on Shr. Equity | 11.0% |

CAPITAL STRUCTURE as of 9/30/10

Borrowings \$29825 mill. (84% Cap'l)

Leases, Uncapitalized: Annual rentals \$9.0 mill.

Pension Assets-12/09 \$143.8 mill.

Pension Obligation \$141.8 mill.

Common Stock 526,603,530 shs. as of 11/2/10

MARKET CAP: \$6.7 billion (Large Cap)

| EARNINGS FACTORS | | | |
|---------------------------------|--------|--------|---------|
| Margin (%) | 2008 | 2009 | 9/30/10 |
| Earning Asset Yield | 5.52 | 5.23 | 4.81 |
| Cost of Funds | 3.95 | 3.31 | 2.95 |
| Yield-Cost Margin | 1.57 | 1.92 | 1.86 |
| Net Changes (\$mill) | | | |
| Loans & Securities | 2008 | 2009 | 9/30/10 |
| Savings Deposits | 9433.0 | 5772.5 | 312.1 |
| FHLB Advances & Other Borrowing | 3310.6 | 6114.0 | 336.6 |
| 6084.0 | -250.0 | -150.0 | |

| ANNUAL RATES | | | | |
|---------------------|-------------|---------------|-------|--|
| Past 10 Yrs. | Past 5 Yrs. | Est'd '07-'09 | | |
| Mortgage Lns | -- | 24.5% | 6.5% | |
| Savings Dep | -- | 17.0% | 9.0% | |
| Earnings | -- | 19.0% | 10.5% | |
| Dividends | -- | 23.0% | 8.5% | |
| Book Value | -- | 33.5% | 5.5% | |

| Cal-endar | SAVINGS DEPOSITS (\$ mill.) | | | |
|-----------|------------------------------------|---------|---------|---------|
| | Mar.31 | Jun. 30 | Sep. 30 | Dec. 31 |
| 2007 | 13914 | 14191 | 14626 | 15153 |
| 2008 | 16077 | 16719 | 17287 | 18464 |
| 2009 | 20436 | 21692 | 23114 | 24578 |
| 2010 | 25389 | 25168 | 24915 | 24825 |
| 2011 | 24800 | 24775 | 24750 | 24500 |

| Cal-endar | EARNINGS PER SHARE ^A | | | | Full Year |
|-----------|--|---------|---------|---------|-----------|
| | Mar.31 | Jun. 30 | Sep. 30 | Dec. 31 | |
| 2007 | .13 | .14 | .15 | .16 | .58 |
| 2008 | .18 | .22 | .25 | .25 | .90 |
| 2009 | .26 | .26 | .27 | .28 | 1.07 |
| 2010 | .30 | .29 | .25 | .26 | 1.10 |
| 2011 | .27 | .27 | .28 | .28 | 1.10 |

| Cal-endar | QUARTERLY DIVIDENDS PAID ^B† | | | | Full Year |
|-----------|---|--------|--------|--------|-----------|
| | Mar.31 | Jun.30 | Sep.30 | Dec.31 | |
| 2007 | .08 | .08 | .085 | .085 | .33 |
| 2008 | .09 | .11 | .12 | .13 | .45 |
| 2009 | .14 | .15 | .15 | .15 | .59 |
| 2010 | .15 | .15 | .15 | .15 | .60 |
| 2011 | | | | | |

BUSINESS: Hudson City Bancorp, Inc. is the holding company for Hudson City Savings Bank, based in northern New Jersey. Has 131 branches. Primary markets: northern New Jersey, the New York metropolitan area north of New York City, Connecticut, Long Island, and the New Jersey suburbs of Philadelphia. Purchased Sound Federal Bancorp, '06. Loans at 12/31/09 were 99% first mortgage,

Hudson City Bancorp's volume is down notably. Low mortgage rates make it less attractive for the company to issue a substantial amount of the jumbo home loans it specializes in. Originations were likely down 8%-10% in 2010 as a result. More telling, Fannie Mae and Freddie Mac are buying most of the available mortgage product in the market. Consequently, loan purchases, normally about one-third of new loan volume, were probably little more than 10% in 2010. The loss of customers to Fannie and Freddie has led to stalled balance-sheet expansion.

The situation might shift somewhat in 2011. New regulatory guidelines due to be issued for Fannie Mae and Freddie Mae could call for those government-sponsored entities to change their loan purchasing habits. If so, that could free up product for Hudson City to buy. Proposed reforms may be slow to be realized, though. Higher mortgage rates would be another positive for the company, since lending margins would become more attractive. The mortgage market recently came off multidecade lows for interest rates. That shift has not yet developed into a sustained trend, al-

though there are indications that it very well might. In the meantime, the company is keeping its powder dry.

Quarterly profits have started to sag slightly. Low margins, weak volume, and higher credit costs are taking their toll. The thrift could benefit in the year ahead from a lower loan loss provision if the economy firms up and job creation improves. For now, credit costs are manageable and the company's strong underwriting practices (20% down payments are required) are helping to see it through the housing slump. But it is shaping up as another unexciting year for earnings in 2011. **The neutrally ranked stock is currently trading on a high yield basis.** Hudson City's well-covered dividend is supporting the shares, but we expect no growth in the payout until earnings rise. Profits will perk up once the lending business improves notably, but that might take some time to occur. Note: Hudson City has withdrawn its application to become a bank. Guidelines under the *Dodd-Frank* legislation allow it to continue to operate under the thrift charter.

(A) Next earnings release due late Jan. (B) Dividends historically paid on the first of March, June, September, and December. (C) Includes \$152 million, or \$0.29 a share, in intangibles at 12/31/09. (D) In millions, adjusted for split and dividend.

| | |
|------------------------------|----|
| Company's Financial Strength | B+ |
| Stock's Price Stability | 90 |
| Growth Persistence | 75 |
| Earnings Predictability | 90 |

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