

Magyar Bancorp, Inc.  
Form DEF 14A  
January 02, 2014

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington D.C. 20549**

**SCHEDULE 14A INFORMATION**

**Consent Solicitation Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

<input type="checkbox"/>	Preliminary Proxy Statement
<input type="checkbox"/>	Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
<input type="checkbox"/>	Definitive Proxy Statement
<input type="checkbox"/>	Definitive Additional Materials
<input type="checkbox"/>	Soliciting Material pursuant to §240.14a-12

**MAGYAR BANCORP, INC.**

**(Name of Registrant as Specified in its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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1. Title of each class of securities to which transaction applies: N/A
2. Aggregate number of securities to which transaction applies: N/A
3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): N/A
4. Proposed maximum aggregate value of transaction: N/A
5. Total fee paid: N/A

.. Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid: N/A
2. Form, Schedule or Registration Statement No.: N/A
3. Filing Party: N/A
4. Date Filed: N/A

**Magyar Bancorp, Inc.**

**400 Somerset Street**

New Brunswick, New Jersey 08901

**January 3, 2014**

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Magyar Bancorp, Inc. Our Annual Meeting will be held at The Hyatt Regency New Brunswick, Two Albany Street, New Brunswick, New Jersey, on February 13, 2014 at 2:00 p.m.

We are furnishing proxy materials to our stockholders over the Internet. You may read, print and download our 2013 Annual Report to Stockholders and our Proxy Statement at [www.cfpproxy.com/5946](http://www.cfpproxy.com/5946). On January 3, 2014, we mailed our stockholders a notice containing instructions on how to access these materials and how to vote shares online. The notice provides instructions on how you can request a paper copy of these materials by mail, by telephone or by email. If you requested your materials via email, the email contains voting instructions and links to the materials on the Internet.

You may vote your shares by Internet, by telephone, by regular mail or in person at the Annual Meeting. Instructions regarding the various methods of voting are contained on the notice and on the Proxy Card.

The proxy materials describe the formal business to be transacted at the Annual Meeting. We will also report on the operations of the Company. Directors and officers of the Company will be present to answer any questions that you and other stockholders may have. Included in the materials is our Annual Report on Form 10-K, which contains detailed information concerning the activities and operating performance of the Company.

The business to be conducted at the Annual Meeting consists of the election of three directors and the ratification of the appointment of ParenteBeard LLC as our independent registered public accounting firm for the year ending September 30, 2014.

On behalf of the Board, we request that you vote your shares now, even if you currently plan to attend the Annual Meeting. This will not prevent you from voting in person, but will assure that your vote is counted. Please note that under new rules relating to your vote on the election of directors, you must vote your proxy for your shares to be represented and voted for the election of directors. Please help save the Company additional solicitation costs by voting your proxy today. Your vote is important.

Sincerely,

/s/ John S. Fitzgerald

John S. Fitzgerald  
President and Chief Executive Officer

**Magyar Bancorp, Inc.**

**400 Somerset Street**

**New Brunswick, New Jersey 08901**

(732) 342-7600

**NOTICE OF**

**ANNUAL MEETING OF STOCKHOLDERS**

To Be Held On February 13, 2014

Notice is hereby given that the Annual Meeting of the Stockholders of Magyar Bancorp, Inc. (the "Company") will be held at The Hyatt Regency New Brunswick, Two Albany Street, New Brunswick, New Jersey, 08901, on February 13, 2014 at 2:00 p.m.

The Annual Meeting is for the purpose of considering and acting upon:

1. The election of three directors;
2. The ratification of the appointment of ParenteBeard LLC as our independent registered public accounting firm for the year ending September 30, 2014; and

such other matters as may properly come before the Annual Meeting, or any adjournments thereof. The Board is not aware of any other such business.

Any action may be taken on the foregoing proposals at the Annual Meeting, including all adjournments thereof. Stockholders of record at the close of business on December 23, 2013 are the stockholders entitled to vote at the Annual Meeting. A list of stockholders entitled to vote will be available at 400 Somerset Street, New Brunswick, New Jersey 08901 for a period of ten days prior to the Annual Meeting and will also be available for inspection at the Annual Meeting.

**It is important that your shares be represented and voted at the Annual Meeting. Stockholders have a choice of voting by proxy card, telephone or the Internet, as described on your proxy card. Check your proxy card or the information forwarded by your broker, bank or other holder of record to see which options are available to you. Any stockholder of record present at the Annual Meeting may withdraw his or her proxy and vote personally on any matter properly brought before the Annual Meeting.**

/s/ Karen LeBlon

New Brunswick, New Jersey Karen LeBlon  
January 3, 2014 Corporate Secretary

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**MAGYAR BANCORP, INC.**

**PROXY STATEMENT FOR THE  
2014 ANNUAL MEETING OF STOCKHOLDERS  
To Be Held on February 13, 2014**

GENERAL INFORMATION

This Proxy Statement and the Annual Report to Stockholders are being furnished to the stockholders of Magyar Bancorp, Inc. (“Magyar Bancorp” or the “Company”) in connection with the solicitation of proxies by the Board of Directors of Magyar Bancorp for use at the 2014 Annual Meeting of Stockholders. The Annual Meeting will be held on Thursday, February 13, 2014 at 2:00 p.m., at The Hyatt Regency New Brunswick, Two Albany Street, New Brunswick, New Jersey, 08901. The term “Annual Meeting,” as used in this Proxy Statement, includes any adjournment or postponement of such meeting.

This Proxy Statement is dated January 3, 2014 and is first being made available to stockholders on or about January 3, 2014.

The 2014 Annual Meeting of Stockholders

Date, Time and Place	The Annual Meeting of Stockholders will be held on Thursday, February 13, 2014, at 2:00 p.m., at The Hyatt Regency New Brunswick, Two Albany Street, New Brunswick, New Jersey, 08901.
Record Date	December 23, 2013.
Shares Entitled to Vote	5,811,394 shares of Magyar Bancorp common stock were outstanding on the Record Date and are entitled to vote at the Annual Meeting.
Purpose of the Annual Meeting	To consider and vote on (i) the election of three directors, and (ii) the ratification of the appointment of ParenteBeard LLC as our independent registered public accounting firm for the year ending September 30, 2014.
Vote Required	Directors are elected by a plurality of votes cast, including shares voted by Magyar Bancorp, MHC, and without regard to either broker non-votes or proxies as to which authority to vote for the nominees being proposed is withheld. The ratification of the appointment of ParenteBeard LLC as independent registered public accounting firm will be determined by a majority of the votes cast, without regard to broker non-votes or proxies marked “ABSTAIN.”
Board of Directors’ Recommendations	Your Board of Directors unanimously recommends that stockholders vote “ <b>FOR</b> ” the election of each director nominee listed in this Proxy Statement, and “ <b>FOR</b> ” the ratification of the appointment of ParenteBeard LLC as independent registered public accounting firm for the year ending September 30, 2014.



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Magyar Bancorp, a Delaware corporation, is the bank holding company for Magyar Bank, an FDIC-insured, New Jersey-chartered savings bank that operates six full-service banking offices. At September 30, 2013, Magyar Bancorp had \$538 million in total assets. Our principal executive offices are located at 400 Somerset Street, New Brunswick, New Jersey 08901, and our telephone number is (732) 342-7600. Magyar Bancorp, MHC, a New Jersey-chartered mutual holding company (the “Mutual Holding Company”), holds 3,200,450 shares, or 55.1%, of the Company’s issued and outstanding shares of common stock.

## Who Can Vote

The Board of Directors has fixed December 23, 2013 as the record date for determining the stockholders entitled to receive notice of and to vote at the Annual Meeting. Accordingly, only holders of record of shares of Magyar Bancorp common stock, par value \$0.01 per share, at the close of business on such date will be entitled to vote at the Annual Meeting. On December 23, 2013, 5,811,394 shares of Magyar Bancorp common stock were outstanding and held by approximately 542 holders of record. The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of Magyar Bancorp common stock is necessary to constitute a quorum at the Annual Meeting. The presence by proxy of the Mutual Holding Company’s shares of common stock will assure a quorum is present at the Annual Meeting.

## How Many Votes You Have

Each holder of shares of Magyar Bancorp common stock outstanding will be entitled to one vote for each share held of record. However, Magyar Bancorp’s certificate of incorporation provides that stockholders of record who beneficially own in excess of 10% of the then outstanding shares of common stock of Magyar Bancorp (other than the Mutual Holding Company) are not entitled to any vote with respect to the shares held in excess of that 10% limit. A person or entity is deemed to beneficially own shares that are owned by an affiliate, as well as by any person acting in concert with such person or entity.

## Matters to Be Considered

The matters to be considered at the Annual Meeting are the election of three directors, and the ratification of the appointment of ParenteBeard LLC as our independent registered public accounting firm for the year ending September 30, 2014.

You may be asked to vote upon other matters that may properly be submitted to a vote at the Annual Meeting. You also may be asked to vote on a proposal to adjourn or postpone the Annual Meeting. Magyar Bancorp could use any adjournment or postponement for the purpose, among others, of allowing additional time to solicit proxies.

## How to Vote

We are making our proxy material available to our stockholders on the Internet. You may read, print and download our Annual Report to Stockholders and our Proxy Statement at [www.cfpproxy.com/5946](http://www.cfpproxy.com/5946). On or about January 3,

2014, we mailed a notice to stockholders containing instructions on how to access our proxy materials and vote online. On an ongoing basis, stockholders may request proxy materials in printed form by mail or electronically by email.

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You may vote your shares by Internet, by telephone, by regular mail or in person at the Annual Meeting. Each of these voting options is described in the notice and the Proxy Card. You should complete and return your Proxy Card, or vote using the Internet or telephone voting options, in order to ensure that your vote is counted at the Annual Meeting, or at any adjournment of the Annual Meeting, regardless of whether you plan to attend. **If you return an executed Proxy Card without marking your instructions, your executed Proxy Card will be voted “FOR” the election of the three director nominees named in this Proxy Statement, and “FOR” the ratification of the appointment of ParenteBeard LLC as our independent registered public accounting firm for the year ending September 30, 2014.**

If you are a stockholder whose shares are not registered in your own name, you will need appropriate documentation from the stockholder of record to vote in person at the Annual Meeting. If you want to vote your shares of Magyar Bancorp common stock that are held in street name in person at the Annual Meeting, you will need a written proxy card in your name from the broker, bank or other nominee who holds your shares.

The Board of Directors is currently unaware of any other matters that may be presented for consideration at the Annual Meeting. If other matters properly come before the Annual Meeting, or at any adjournment or postponement of the Annual Meeting, shares represented by properly submitted proxies will be voted, or not voted, by the persons named as proxies on the Proxy Card in their best judgment.

## Participants in Magyar Bancorp Benefit Plans

If you are a participant in the Magyar Bank Employee Stock Ownership Plan, the Magyar Bank 401(k) Profit Sharing Plan, or another benefit plan through which you own shares of Magyar Bancorp common stock, you will receive voting instruction forms with respect to shares you may vote under the plans. Although the trustee or administrator votes all shares held by the plan, each participant may direct the trustee or administrator how to vote the shares of Magyar Bancorp common stock allocated to his or her plan account. If you own shares through any of these plans and do not vote, the respective plan trustees or administrators will vote the shares in accordance with the terms of the respective plans.

## Quorum and Vote Required

The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of Magyar Bancorp common stock is necessary to constitute a quorum at the Annual Meeting. Abstentions and broker non-votes will be counted solely for the purpose of determining whether a quorum is present. A proxy submitted by a broker that is not voted is sometimes referred to as a broker non-vote.

Directors are elected by a plurality of votes cast, including shares voted by Magyar Bancorp, MHC and without regard to either broker non-votes or proxies as to which authority to vote for the nominees being proposed is “WITHHELD.”

The ratification of the appointment of ParenteBeard LLC as our independent registered public accounting firm will be determined by a majority of the votes cast, including shares voted by Magyar Bancorp, MHC and without regard to broker non-votes or proxies marked “ABSTAIN.”

Revocability of Proxies

You may revoke your proxy at any time before the vote is taken at the Annual Meeting. You may revoke your proxy by:

submitting written notice of revocation to the Corporate Secretary of Magyar Bancorp prior to the voting of such proxy;

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submitting a properly executed proxy bearing a later date; using the Internet or telephone voting options explained on the Proxy Card; or voting in person at the Annual Meeting; however, simply attending the Annual Meeting without voting will not revoke an earlier proxy.

Written notices of revocation and other communications regarding the revocation of your proxy should be addressed to:

Magyar Bancorp, Inc.

400 Somerset Street

New Brunswick, New Jersey 08901

Corporate Secretary

Attention:

Karen LeBlon

If your shares are held in street name, your broker votes your shares and you should follow your broker's instructions regarding the revocation of proxies.

Solicitation of Proxies

Magyar Bancorp will bear the entire cost of soliciting proxies from you. In addition to the solicitation of proxies by mail, Magyar Bancorp will request that banks, brokers and other holders of record send proxies and proxy material to the beneficial owners of Magyar Bancorp common stock and secure their voting instructions. MagyarIf necessary, Magyar Bancorp may also use several of its regular employees, who will not be specially compensated, to solicit proxies from stockholders, personally or by telephone, facsimile or letter.

Security Ownership of Certain Beneficial Owners and Management

Persons and groups who beneficially own in excess of five percent of the issued and outstanding shares of the Company's common stock are required to file certain reports with the Securities and Exchange Commission (the "SEC"). The following table sets forth, as of December 23, 2013, certain information regarding persons who beneficially owned more than five percent of the Company's issued and outstanding shares of Common Stock:

***Principal Stockholders***

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Name and Address of Beneficial Owners	Number of Shares Owned and Nature of Beneficial Ownership	Percent of Shares of Common Stock Outstanding <sup>(1)</sup>
Magyar Bancorp, MHC 400 Somerset Street P.O. Box 1365 New Brunswick, New Jersey 08903	3,200,450 (2)	55.1 %(2)
PL Capital Group 20 E. Jefferson Avenue Suite 22 Naperville, IL 60540	580,657 (3)	9.9 %(3)

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- (1) Based on 5,811,394 shares of Magyar Bancorp common stock outstanding on December 23, 2013.
- (2) The Board of Directors of Magyar Bancorp, MHC consists of those persons who serve on the Board of Directors of Magyar Bancorp, Inc.
- (3) Based on a Schedule 13D/A filed by PL Capital Group with the SEC on September 20, 2012.

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**Management**

The following table sets forth information about the shares of Magyar Bancorp common stock owned by each nominee for election as director, each incumbent director, each Magyar Bancorp executive officer, and all nominees, incumbent directors and executive officers as a group, as of December 23, 2013.

Names	Age	Position(s) Held in the Company	Shares Owned Directly and Indirectly <sup>(1)</sup>	Percent of Class <sup>(2)</sup>
<b>NOMINEES</b>				
Joseph J. Lukacs Jr., D.M.D.	72	Chairman of the Board	38,882	*
Salvatore J. Romano, Ph D.	72	Director	33,764	*
Edward C. Stokes, III	65	Director	46,348	*
<b>DIRECTORS CONTINUING IN OFFICE</b>				
Andrew G. Hodulik, CPA.	57	Director	25,114	*
Martin A. Lukacs, D.M.D.	67	Director	23,433	*
John S. Fitzgerald	49	President and Chief Executive Officer and Director	80,181	1.3%
Thomas Lankey	53	Vice Chairman of the Board	33,714	*
Joseph A. Yelencsics	59	Director	13,933	*
<b>EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS</b>				
Jon R. Ansari	39	Executive Vice President and Chief Financial Officer	81,706	1.4%
Brian Stanley	61	Senior Vice President and Chief Lending Officer	15,867	*



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All directors and executive officers as a group (10 persons)	392,942	6.6%
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\* Less than 1% (footnotes on next page)

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Unless otherwise indicated, each person effectively exercises sole, or shared with spouse, voting and dispositive power as to the shares reported. Includes 6,576 shares and 12,274 shares owned by Mr. Fitzgerald and Mr. Ansari, respectively, through the Magyar Bank 401(k) Profit Sharing Plan. Includes 6,353 shares, 6,287 shares and 4,417 shares allocated to Mr. Fitzgerald, Mr. Ansari and Mr. Stanley, respectively, in the Magyar Bank Employee Stock (1) Ownership Plan (“ESOP”) and 32,500 shares, 32,500 shares and 5,000 shares underlying options exercisable within 60 days of December 23, 2013 held by Mr. Fitzgerald, Mr. Ansari and Mr. Stanley, respectively. Includes 11,348 shares, 10,212 shares, 9,076 shares, 10,212 shares, 9,076 shares, 9,076 shares and 9,076 shares underlying options exercisable within 60 days of December 23, 2013 held by Mr. Joseph Lukacs, Mr. Lankey, Mr. Martin Lukacs, Mr. Hodulik, Mr. Romano, Mr. Stokes and Mr. Yelencsics, respectively.

Based on 5,811,394 shares of Magyar Bancorp common stock outstanding as of December 23, 2013, plus the (2) number of shares that such person or group of persons have the right to acquire within 60 days of December 23, 2013.

Stock Ownership and Retention Policy

The Board believes Directors and Executive Officers (defined as the Chief Executive Officer and Executive Vice Presidents) should have a financial investment in the Company. Each Director is expected to own at least \$75,000 in common stock, based on original purchase value (excluding unexercised stock options), the Chief Executive Officer is expected to own at least \$150,000 in common stock, based on original purchase value (excluding unexercised stock options), and each Executive Vice President is expected to own at least \$50,000 in common stock, based on original purchase value (excluding unexercised stock options), within four years of being elected to the Board or appointed as an officer. The ownership guidelines for Directors and Executive Officers are as follows:

Value of Common Stock

- Chief Executive Officer     \$ 150,000
- Directors                     \$ 75,000
- Executive Vice Presidents   \$ 50,000

Section 16(a) Beneficial Ownership Reporting Compliance

The Common Stock is registered with the SEC pursuant to Section 12(b) of the Securities Exchange Act of 1934 (the “Exchange Act”). The officers and directors of the Company and beneficial owners of greater than 10% of the Common Stock are required to file reports on Forms 3, 4 and 5 with the SEC disclosing beneficial ownership and changes in beneficial ownership of the Common Stock. SEC rules require disclosure in the Company’s Proxy Statement or Annual Report on Form 10-K of the failure of an officer, director or 10% beneficial owner of the Common Stock to file a Form 3, 4, or 5 on a timely basis. Based on the Company’s review of ownership reports, no officer or director failed to file ownership reports on a timely basis for the year ended September 30, 2013.

PROPOSAL I - ELECTION OF DIRECTORS

The Board of Directors currently consists of eight members and is divided into three classes, with one class of directors elected each year. Three directors will be elected at the Annual Meeting to serve for a three-year period and until their respective successors have been elected and shall qualify.

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The Board has nominated **Joseph J. Lukacs, Jr., D.M.D., Salvatore J. Romano, Ph.D. and Edward C. Stokes, III** for election as directors, each of whom has agreed to serve if so elected. Please refer to the sections entitled “Directors and Executive Officers” and “Security Ownership of Certain Beneficial Owners and Management” for additional information regarding the nominees.

It is intended that the proxies solicited on behalf of the Board (other than proxies in which the vote is withheld as to the nominees) will be voted at the Annual Meeting “FOR” the election of the nominees. If a nominee is unable to serve, the shares represented by all such proxies will be voted for the election of such substitute as the Board may recommend. At this time, the Board knows of no reason why a nominee would be unable to serve, if elected. Except as indicated herein, there are no arrangements or understandings between the nominees and any other person pursuant to which such nominees were selected.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” EACH OF THE NOMINEES LISTED IN THIS PROXY STATEMENT.**

Directors and Executive Officers

Following is the business experience for the past five years of each of the Company’s directors and executive officers.

**Nominees for Director – to serve for a three-year period**

**Joseph J. Lukacs, Jr., D.M.D.** Dr. Lukacs is retired. Until 2005, Dr. Lukacs was a dentist with Drs. Joseph & Martin Lukacs, P.A. He has been a member of the Board of Directors of Magyar Bank since 1976 and of the Company since its inception in 2005, and currently is the Chairman of the Board of Directors of the Bank and of the Company. Dr. Lukacs is the brother of Martin A. Lukacs, who is also a director. Dr. Lukacs’ years of experience as owner and manager of his own local practice and active role in the community further expand Magyar’s brand in the community and brings valuable business skills that meet the Board’s objective of maintaining a membership of experienced and dedicated individuals with diverse backgrounds, perspectives, skills and other qualities that are beneficial to the Company.

**Salvatore J. Romano, Ph.D.** Dr. Romano is retired. He was formerly a Vice President with Johnson & Johnson and taught chemistry as a part-time Professor at Rutgers University. He has been a director of the Bank since 2000 and of the Company since its inception in 2005. Dr. Romano’s experience with a Fortune 500 company bring a valuable perspective and strong leadership that meet the Board’s objective of maintaining a membership of experienced and dedicated individuals with diverse backgrounds, perspectives, skills and other qualities that are beneficial to the Company

**Edward C. Stokes, III.** Mr. Stokes is the managing partner of the law firm of Stokes and Throckmorton. He is also the General Counsel of Magyar Bank. He has been a director of the Bank since 2001 and of the Company since its

inception in 2005. As an experienced attorney, Mr. Stokes brings to the Board a unique and valuable perspective on legal and legal-related issues that may arise in the operations of the Bank and the Company.

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Continuing Directors

*Terms to Expire Following Fiscal Year Ending September 30, 2014*

**Andrew G. Hodulik, CPA.** Mr. Hodulik is a certified public accountant with the accounting firm of Hodulik & Morrison, P.A. He has been a director of the Bank since 1995 and of the Company since its inception in 2005. As a certified public accountant and partner in an accounting firm, Mr. Hodulik brings to the Board of Directors valuable experience in dealing with accounting principles, internal controls and financial reporting rules and regulations.

**Martin A. Lukacs, D.M.D.** Dr. Lukacs is retired. Dr. Lukacs is the brother of Joseph J. Lukacs, the Chairman of the Board of Directors. He has been a director of the Bank since 2000 and of the Company since its inception in 2005. Dr. Lukacs' years of experience as owner and manager of his own local practice bring valuable leadership that meet the Board's objective of maintaining a membership of experienced and dedicated individuals with diverse backgrounds, perspectives, skills and other qualities that are beneficial to the Company.

*Terms to Expire Following Fiscal Year Ending September 30, 2015*

**Thomas Lankey.** Mr. Lankey is the Senior Vice President of Long Term Care of Solaris Health Systems. Mr. Lankey's first cousin is Joseph Yelencsics, who is also a director. He has been a director of the Bank since 1994 and of the Company since its inception in 2005. Mr. Lankey's experience in various senior management roles and expertise in compensation and healthcare management bring to the Board valuable experience and perspective and other qualities that are beneficial to the Company.

**Joseph A. Yelencsics.** Mr. Yelencsics is a private investor. He was a part owner of Bristol Motors, Inc., an automobile dealership. Mr. Yelencsics is the first cousin of Thomas Lankey, who is also a director. He has been a director of the Bank since 2000 and of the Company since its inception in 2005. Mr. Yelencsics' experience as owner and operator of his own company bring valuable leadership and business skills that meet the Board's objective of maintaining a membership of experienced and dedicated individuals with diverse backgrounds, perspectives, skills and other qualities that are beneficial to the Company.

**John S. Fitzgerald.** Mr. Fitzgerald was appointed President and Chief Executive Officer of the Company and the Bank on May 27, 2010. Prior to this appointment, Mr. Fitzgerald served as the Executive Vice President and Chief Operating Officer of Magyar Bank and of the Company since October 2007. Mr. Fitzgerald joined Magyar Bank in June 2001. Until his appointment as Executive Vice President and Chief Operating Officer, Mr. Fitzgerald was Executive Vice President and Chief Lending Officer of Magyar Bank, a position he held since July 2005, when he was promoted from the position of Department Head of Commercial Lending at Magyar Bank. Prior to his employment at Magyar Bank, Mr. Fitzgerald was Vice President of Commercial Lending at United Trust Bank. Mr. Fitzgerald has over 25 years experience in the banking industry. As Chief Executive Officer, his experience in leading the Company and the Bank and his responsibilities for the strategic direction and management of the Company's day-to-day operations bring broad industry and specific institutional knowledge and experience to the Board of Directors.



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Executive Officers of the Company and the Bank Who Are Not Directors

**Jon R. Ansari.** Mr. Ansari is the Executive Vice President and Chief Financial Officer of Magyar Bank and of the Company. Mr. Ansari joined Magyar Bank in July 1999. Prior to being appointed to his current position in June 2005, Mr. Ansari held various financial positions at Magyar Bank, such as Vice President of Finance, Controller, Assistant Controller and Accountant.

**Brian Stanley.** Mr. Stanley is the Senior Vice President and Chief Lending Officer of Magyar Bank and the Company. Mr. Stanley joined Magyar Bank in April 2005 as Senior Vice President and Commercial Lending Department Head, and prior to joining Magyar Mr. Stanley was a Commercial Lending Team Leader with PNC Bank, and Vice President, Commercial Lending with UnitedTrust Bank. Mr. Stanley has over 35 years of banking experience.

Corporate Governance

Magyar Bancorp is committed to maintaining sound corporate governance principles and the highest standards of ethical conduct and is in compliance with applicable corporate governance laws and regulations.

Board Independence

The Board has determined that each member of the Board of Directors, with the exception of Mr. Fitzgerald, is an “independent director” within the meaning of the NASDAQ corporate governance listing standards and the Company’s corporate governance policies. Mr. Fitzgerald is not considered to be independent due to his role as President and Chief Executive Officer of the Company and the Bank. In determining the independence of the directors, the Board of Directors considered (i) \$70,280 in legal fees paid by Magyar Bank during the year ended September 30, 2013 to a law firm for which Director Stokes serves as a partner, and (ii) the following loan relationships (aggregate outstanding balances as of September 30, 2013) between directors and Magyar Bank, all of which were in conformity with the Federal Reserve Act and Regulation O: Director Hodulik - \$571,152 (two loans); Director Joseph Lukacs - \$34,110; Director Romano - \$641,301 (two loans); Director Stokes - \$386,087 and Director Yelencsics - \$177,583 (three loans).

Attendance at Annual Meetings of Stockholders



Magyar Bancorp does not have a policy regarding director attendance at annual meetings of stockholders, although directors are requested to attend these meetings absent unavoidable scheduling conflicts. All of our directors attended the 2013 annual meeting of stockholders.

#### Board Meetings and Committees

The Board of Directors of Magyar Bancorp met one time during the fiscal year ended September 30, 2013. The Board of Directors of Magyar Bank met 13 times during the fiscal year ended September 30, 2013. No director attended fewer than 75% in the aggregate of the total number of Board meetings held and the total number of committee meetings on which he served during fiscal 2012, including Board and committee meetings of the Company and the Bank. Executive sessions of the independent directors are regularly scheduled.

The Company has four standing Board committees: Nominating and Corporate Governance Committee; Audit Committee; Compensation Committee; and Executive Committee.

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***Nominating and Corporate Governance Committee.*** The Nominating and Corporate Governance Committee is responsible for recommending the following to the Board: director nominees, director committee structure and membership, and corporate governance guidelines. The Nominating and Corporate Governance Committee is also responsible for the determination of director independence as defined by NASDAQ corporate governance listing standards. Each member of the Nominating and Corporate Governance Committee is considered “independent” as defined in the NASDAQ corporate governance listing standards. The Board has adopted a written charter for the Nominating and Corporate Governance Committee, which is available on the Company’s website at [www.magbank.com](http://www.magbank.com). The Nominating and Corporate Governance Committee currently consists of Directors Martin Lukacs, Romano, Stokes and Yelencsics.

***Audit Committee.*** The Audit Committee is responsible for overseeing the financial reporting, internal control and internal and external audit processes. This responsibility includes reviewing reports filed with the SEC, the internal audit function, the audit plan and performance of the internal auditor, as well as appointing, overseeing and evaluating the independent registered public accounting firm. The Audit Committee is also responsible for reviewing and approving related party transactions that require proxy statement disclosure. Each member of the Audit Committee is considered “independent” as defined in the NASDAQ corporate governance listing standards and under SEC Rule 10A-3. The Board believes that Director Hodulik qualifies as an “audit committee financial expert” as that term is used in the rules and regulations of the SEC. The Board has adopted a written charter for the Audit Committee, which is available on the Company’s website at [www.magbank.com](http://www.magbank.com). The report of the Audit Committee is included elsewhere in this Proxy Statement. The Audit Committee currently consists of Directors Hodulik, Martin Lukacs, Romano, Lankey and Yelencsics.

***Compensation Committee.*** The Compensation Committee is responsible for recommending to the Board the compensation of the Chief Executive Officer and executive management, reviewing and administering overall compensation policy, reviewing performance measures and goals, administering stock-based compensation plans, approving benefit programs, establishing compensation of directors and other matters of personnel policy and practice. Each member of the Compensation Committee is considered “independent” as defined in the NASDAQ corporate governance listing standards. The Board has adopted a written charter for the Compensation Committee, which is available at the Company’s website at [www.magbank.com](http://www.magbank.com). The Compensation Committee currently consists of Directors Lankey, Hodulik, Romano and Yelencsics.

***Executive Committee.*** The Executive Committee is authorized to act with some exceptions with the same authority as the Board of Directors of Magyar Bancorp between meetings of the Board. The Board has adopted a written charter for the Executive Committee, which is available at the Company’s website at [www.magbank.com](http://www.magbank.com). The Executive Committee is comprised of Directors Joseph Lukacs, Fitzgerald, Lankey, Hodulik and Stokes.

Table of Contents**Committee Membership.**

The following chart provides information about Board committee membership and the number of meetings that each committee held in fiscal 2013:

Names	<b>Nominating and Corporate Governance Committee</b>	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Executive Committee</b>
<b>Director <sup>(1)</sup></b>				
Andrew G. Hodulik, CPA		X	X	X
Thomas Lankey		X	X	X
Martin A. Lukacs, D.M.D.	X	X		
Joseph J. Lukacs, Jr., D.M.D.				X
Salvatore J. Romano, Ph.D.	X	X	X	
Edward C. Stokes, III	X			X
Joseph A. Yelencsics	X	X	X	
John S. Fitzgerald <sup>2</sup>				X
<b>Number of meetings in fiscal 2013</b>	1	4	3	0

(1) Joseph J. Lukacs, Jr., D.M.D., Chairman of the Board, attends meetings as an *ex officio* member of the Nominating and Corporate Governance Committee, the Audit Committee and the Compensation Committee.

(2) John Fitzgerald is an officer of the Company and, with the exception of the Executive Committee, is not a member of the Board Committees listed.

## Code of Ethics and Business Conduct

The Board has adopted a code of ethics and business conduct for employees, including the principal executive officer, principal financial officer, principal accounting officer and all persons performing similar functions. This code is designed to deter wrongdoing and to promote honest and ethical conduct, the avoidance of conflicts of interest, full and accurate disclosure and compliance with all applicable laws, rules and regulations. This document is available on the Company's website at [www.magbank.com](http://www.magbank.com). Amendments to and waivers from the code of ethics and business conduct will be disclosed on the Company's website.

As a mechanism to encourage compliance with the code of ethics and business conduct, the Company has established procedures to receive, retain and treat complaints regarding accounting, internal accounting controls and auditing matters. These procedures ensure that individuals may submit concerns regarding questionable accounting or auditing matters in a confidential and anonymous manner. The code of ethics and business conduct also prohibits the Company from retaliating against any director, executive officer or employee who reports actual or apparent violations of the code of ethics and business conduct.

## **Board Leadership Structure**

The Board of Directors has separated the position of Chairman of the Board from the position of Chief Executive Officer. The Board of Directors believes this structure provides an efficient and effective leadership model for the Company. Separating the Chairman of the Board and Chief Executive Officer positions fosters clear accountability, effective decision-making, and alignment on corporate strategy. The Chief Executive Officer is responsible for setting the strategic direction for the Company and the day to day leadership and performance of the Company. The Chairman of the Board provides guidance to the Chief Executive Officer and sets the agenda for Board meetings and presides over meetings of the full Board of Directors. The Chairman of the Board also leads regularly scheduled executive sessions of the Board.

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To assure effective independent oversight, the Board has adopted a number of governance practices to enhance its independence, including holding regularly scheduled executive sessions of the independent directors. In addition, the Compensation Committee, comprised solely of independent directors, conducts performance evaluations of the Chief Executive Officer. The Board, in conjunction with the Nominating and Corporate Governance Committee, which is comprised solely of independent directors, regularly reviews the Board's leadership structure.

### **Board's Role in Risk Oversight**

The Board's role in the Company's risk oversight process includes receiving regular reports from the members of the Company's senior management on areas of material risk to the Company, including operational, financial, legal and regulatory, strategic and reputational risks. The Board of Directors (or the appropriate Board committee in the case of risks that are reviewed and discussed at committee meetings) receives these reports from the appropriate "risk owner" within the organization, which enables the Board or the appropriate Board committee to identify, mitigate and monitor the material business risks of the Company. When a committee is charged with management of a particular risk, the Chairman of the committee reports risk-related matters addressed by the committee at the next meeting of the full Board of Directors. This enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

### Board Nominations

The Nominating and Corporate Governance Committee identifies nominees by evaluating the current members of the Board willing to continue in service. Current members of the Board with the skills and experience that are relevant to the Company's business and who are willing to continue in service are first considered for re-nomination, balancing the value of continuity of service by existing members of the Board with that of obtaining a new perspective. If any member of the Board does not wish to continue in service, or if the Nominating and Corporate Governance Committee or the Board decides not to re-nominate a member for re-election, or if the size of the Board is increased, the Nominating and Corporate Governance Committee would solicit suggestions for director candidates from all Board members and may consider candidates submitted by stockholders. In addition, the Nominating and Corporate Governance Committee is authorized by its charter, subject to prior approval from the Board, to engage a third party to assist in the identification of director nominees. The Nominating and Corporate Governance Committee would seek to identify a candidate who at a minimum satisfies the following criteria:

has the highest personal and professional ethics and integrity and whose values are compatible with those of the Company;

has experiences and achievements that have given him/her the ability to exercise and develop good business judgment;

is willing to devote the necessary time to the work of the Board and its committees, which includes being available for Board and committee meetings;

·is familiar with the communities in which the Company operates and/or is actively engaged in community activities;

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is involved in other activities or interests that do not create a conflict with his/her responsibilities to the Company and its stockholders; and

has the capacity and desire to represent the balanced, best interests of the stockholders of the Company as a group, and not primarily a special interest group or constituency.

The Nominating and Corporate Governance Committee may weight the foregoing criteria differently in different situations, depending on the composition of the Board of Directors at the time.

The Nominating and Corporate Governance Committee will also consider any other factors it deems relevant to a candidate's nomination, including the extent to which the candidate helps the Board of Directors reflect the diversity of the Company's shareholders, employees, customers and communities. We do not maintain a specific diversity policy, but the diversity of the Board of Directors is considered in our review of candidates. Diversity includes not only gender and ethnicity, but the various perspectives that come from having differing viewpoints, geographic and cultural backgrounds, and life experiences.

The Nominating and Corporate Governance Committee will also take into account whether a candidate satisfies the criteria for "independence" as defined in the NASDAQ Corporate Governance Listing Standards, and, if a candidate with financial and accounting expertise is sought for service on the Audit Committee, whether the individual qualifies as an "audit committee financial expert."

Procedures for the Consideration of Board Candidates Submitted by Stockholders

The Nominating and Corporate Governance Committee has adopted procedures for the consideration of Board candidates submitted by stockholders. Stockholders can submit the names of candidates for director by writing to the Corporate Secretary at Magyar Bancorp, Inc., 400 Somerset Street, New Brunswick, New Jersey 08901. The submission must include the following information:

- a statement that the writer is a stockholder and is proposing a candidate for consideration by the Nominating and Corporate Governance Committee;
- the name and address of the nominating stockholder as he/she appears on the Company's books, and number of shares of the Company's common stock that are owned beneficially by such stockholder (if the stockholder is not a holder of record, appropriate evidence of the stockholder's ownership will be required);
- the name, address and contact information for the nominated candidate, and the number of shares of common stock of the Company that are owned by the candidate (if the candidate is not a holder of record, appropriate evidence of the stockholder's ownership should be provided);
- a statement of the candidate's business and educational experience;

such other information regarding the candidate as would be required to be included in the proxy statement pursuant to SEC Regulation 14A;  
a statement detailing any relationship between the candidate and the Company and between the candidate and any customer, supplier or competitor of the Company;  
detailed information about any relationship or understanding between the proposing stockholder and the candidate;  
and

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· a statement that the candidate is willing to be considered and willing to serve as a director if nominated and elected. A nomination submitted by a stockholder for presentation by the stockholder at an Annual Meeting of stockholders must comply with the procedural and informational requirements described in “Advance Notice Of Business To Be Conducted at an Annual Meeting.” The Company received no submission from stockholders for Board nominees for this Annual Meeting.

There have been no changes to the above procedures since they were disclosed in the proxy statement related to Magyar Bancorp’s 2013 Annual Meeting of Stockholders.

### Stockholder Communications with the Board

A stockholder of the Company who wants to communicate with the Board or with any individual director can write to the Corporate Secretary at Magyar Bancorp, Inc., 400 Somerset Street, New Brunswick, New Jersey 08901. The letter should indicate that the author is a stockholder and if shares are not held of record, should include appropriate evidence of stock ownership. Depending on the subject matter, the Chairman of the Board will:

Forward the communication to the director(s) to whom it is addressed;

Handle the inquiry directly, for example where it is a request for information about the Company or it is a stock-related matter; or

Not forward the communication if it is primarily commercial in nature, relates to an improper or irrelevant topic, or is unduly hostile, threatening, illegal or otherwise inappropriate.

At each Board meeting, a summary of all communications received since the last meeting will be presented and those communications will be made available to the directors upon request.

### Transactions with Certain Related Persons

Federal law and regulation generally require that all loans or extensions of credit to executive officers and directors must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with the general public and must not involve more than the normal risk of repayment or present other unfavorable features. However, applicable regulations permit executive officers and directors to receive the same terms through loan programs that are widely available to other employees, as long as the director or executive officer is not given preferential treatment compared to the other participating employees. Magyar Bank extends loans to its executive officers and directors on the same terms as available to all employees, in compliance with these regulations.

Section 402 of the Sarbanes-Oxley Act of 2002 generally prohibits an issuer from: (1) extending or maintaining credit; (2) arranging for the extension of credit; or (3) renewing an extension of credit in the form of a personal loan for an officer or director. There are several exceptions to this general prohibition, one of which is applicable to Magyar

Bank. Sarbanes-Oxley does not apply to loans made by a depository institution that is insured by the FDIC and is subject to the insider lending restrictions of the Federal Reserve Act. All loans to the Company's directors and officers are made in conformity with the Federal Reserve Act and Regulation O.

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The Audit Committee Report

*The following Audit Committee Report is provided in accordance with the rules and regulations of the SEC. Pursuant to such rules and regulations, this report shall not be deemed "soliciting material," filed with the SEC, subject to Regulation 14A or 14C of the SEC or subject to the liabilities of Section 18 of the Securities and Exchange Act of 1934, as amended.*

Management has the primary responsibility for the Company's internal controls and financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board and issuing an opinion thereon. The Audit Committee's responsibility is to monitor and oversee these processes. As part of its ongoing activities, the Audit Committee has:

· reviewed and discussed with management and the independent registered public accounting firm the Company's audited consolidated financial statements for the fiscal year ended September 30, 2013;

· met with the Company's Chief Executive Officer, Chief Financial Officer, internal auditors and the independent registered public accounting firm, both together and in separate executive sessions, to discuss the scope and the results of the audits and the overall quality of the Company's financial reporting and internal controls;

· discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, *Communications with Audit Committees*, as amended;

· received the written disclosures from the independent registered public accounting firm required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and discussed with the independent registered public accounting firm its independence from the Company; and

· pre-approved all audit, audit related and other services to be provided by the independent registered public accounting firm.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2013 and be filed with the SEC. In addition, the Audit Committee appointed ParenteBeard LLC as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2014, subject to the ratification of this appointment by the stockholders.

The Audit Committee

Andrew G. Hodulik, CPA (Chairman)

Martin A. Lukacs, D.M.D.

Salvatore J. Romano, Ph.D

Thomas Lankey

Joseph A. Yelencsics

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**EXECUTIVE COMPENSATION**

**Determination of Executive Compensation**

The Company's philosophy is to align executive compensation with the interests of its stockholders and to determine appropriate compensation levels that will enable it to meet the following objectives:

- To attract, retain and motivate an experienced, competent executive management team;
  
- To reward the executive management team for the enhancement of stockholder value based on annual earnings performance and the market price of the Company's stock;
  
- To provide compensation rewards that are adequately balanced between short-term and long-term performance goals;
  
- To encourage ownership of the Company's common stock through stock-based compensation to all levels of management; and
  
- To maintain compensation levels that are competitive with other financial institutions, and particularly those in the Company's peer group based on asset size and market area.

The Company considers a number of factors in its decisions regarding executive compensation, including, but not limited to, the level of responsibility and performance of the individual executive officers, the overall performance of the Company and a peer group analysis of compensation paid at institutions of comparable size and complexity. The Company also considers the recommendations of the Chief Executive Officer with respect to the compensation of executive officers other than the Chief Executive Officer. The Board of Directors and the Chief Executive Officer review the same information in connection with this recommendation.

The base salary levels for the Company's executive officers are set to reflect the duties and levels of responsibilities inherent in the position and to reflect competitive conditions in the banking business in the Company's market area. Comparative salaries paid by other financial institutions are considered in establishing the salary for the given executive officer. In setting salaries for fiscal year 2013, the Board of Directors utilized bank compensation surveys compiled by the American Bankers Association as well as other survey data prepared by trade groups and independent benefit consultants. The Company did not engage a compensation consultant to assist in establishing executive compensation in fiscal year 2013. In setting the base salaries, the Board of Directors also considered a number of factors relating to the executive officers, including individual performance, job responsibilities, experience level, ability and the knowledge of the position. These factors are considered subjectively and none of the factors are accorded a specific weight.



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**Summary Compensation Table.** The following table sets forth, for the fiscal years ended September 30, 2013 and 2012, certain information as to the total remuneration paid by Magyar Bank to its Chief Executive Officer as well as to the two most highly compensated executive officers of Magyar Bank, other than the Chief Executive Officer, who received total salary and bonus in excess of \$100,000. Each of the individuals listed in the table below is referred to as a “Named Executive Officer.”

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock awards (\$)	Option awards (\$)	Non-equity incentive plan compensation (\$)	Nonqualified deferred compensation earnings (\$)	All other compensation (\$)(1)	Total (\$)
John S. Fitzgerald President and Chief Executive Officer	2013	319,615	30,000	—	—	—	—	54,503	404,118
	2012	277,800	—	—	—	—	—	51,017	328,817
Jon R. Ansari Executive Vice President and Chief Financial Officer	2013	248,769	25,000	—	—	—	—	64,046	337,815
	2012	221,463	—	—	—	—	—	60,751	282,214
Brian Stanley Senior Vice President and Chief Lending Officer	2013	167,924	2,000	—	—	—	—	18,702	188,626
	2012	163,051	—	—	—	—	—	17,825	180,876

(1) Includes payments during fiscal year 2013 and 2012 for the following:

Name	Fiscal Year	401(k) Plan (\$)	Supplemental Executive Retirement Plan (\$)	Disability Insurance (\$)	Life Insurance AD&D/LTD (\$)	Medical & Dental Insurance (\$)	Directors Fees (\$)	Long-Term Care Insurance (\$)	ESOP (\$)*
John S. Fitzgerald	2013	2,375	43,791	661	1,425	218	—	921	5,112
	2012	—	43,791	661	1,291	1,206	—	921	3,147
Jon R. Ansari	2013	1,841	40,895	872	1,425	13,013	—	888	5,112
	2012	—	40,895	872	1,291	13,658	—	888	3,147
Brian Stanley	2013	1,237	—	981	1,236	10,080	—	1,673	3,495
	2012	—	—	981	1,041	12,038	—	1,673	2,092

\* Dollar amounts shown for the ESOP reflect the fair market value at fiscal year end of the shares of common stock allocated in that fiscal year to each officer pursuant to the ESOP.

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Benefit Plans

**Employment Agreements.** Magyar Bancorp entered into an employment agreement, effective November 1, 2007, with John S. Fitzgerald, the President and Chief Executive Officer of the Company and of Magyar Bank. At that time, Mr. Fitzgerald was the Executive Vice President and Chief Operating Officer of the Company and Magyar Bank. The employment agreement replaced the change in control agreement previously entered into between the Company and Mr. Fitzgerald. The agreement had an initial term of 36 calendar months. Commencing December 31, 2007, and continuing on December 31<sup>st</sup> of each year thereafter, the agreement renews for an additional period such that the remaining term is thirty-six months, unless written notice of non-renewal is provided. The employment agreement was amended in July 2012 in order to reflect Mr. Fitzgerald's promotion to President and Chief Executive Officer of the Company and Magyar Bank.

Under the agreement, the current base salary is \$325,000 per year, which may be increased but not decreased. In addition, Mr. Fitzgerald is entitled to participate at no cost to executive in all benefit plans provided uniformly to other permanent full-time employees.

If Mr. Fitzgerald voluntarily terminates his employment, or his employment is terminated for cause, no benefits are provided under the agreement. In the event (i) of the involuntary termination of the executive's employment for any reason other than disability, retirement or termination for cause, or (ii) the executive's resignation upon the occurrence of certain events constituting "constructive termination," including failure to appoint him to his current position, a material reduction in his duties, functions or responsibilities, or a breach by the Company of the agreement, Mr. Fitzgerald would be entitled to a severance benefit equal to two times his then current base salary. In the event that the severance payment provisions of the employment agreement are triggered other than following a change in control, the executive would be entitled to a cash severance benefit in the amount of approximately \$650,000. If Mr. Fitzgerald's employment is involuntarily terminated at any time following a change in control of Magyar Bancorp or Magyar Bank, he is entitled to a severance benefit equal to two times the sum of his then current base salary, plus any earned and accrued but unpaid bonus for the year of termination. Accordingly, in the event that the severance payment provisions of the employment agreement are triggered following a change in control occurring on the last day of the 2013 fiscal year, the executive would also be entitled to a cash severance benefit in the amount of approximately \$680,000.

Magyar Bancorp also entered into an employment agreement, effective July 26, 2012, with Jon R. Ansari, the Executive Vice President and Chief Financial Officer of the Company and of Magyar Bank. The employment agreement replaced the change in control agreement previously entered into between the Company and Ansari. The agreement has an initial term of 12 calendar months. Commencing December 31, 2012, and continuing on December 31<sup>st</sup> of each year thereafter, the agreement renews for an additional period such that the remaining term will be 12 months, unless written notice of non-renewal is provided.

Under the agreement, the current base salary is \$252,000 per year, which may be increased but not decreased.



The terms of Mr. Ansari's employment agreement are substantially similar to the terms of Mr. Fitzgerald's employment agreement.

In the event of his involuntary termination of employment without cause or his resignation for the same reasons as under Mr. Fitzgerald's employment, Mr. Ansari will also be entitled to a severance benefit equal to two times his then current base salary. If Mr. Ansari's employment is terminated other than for cause or following a change in control, Mr. Ansari would be entitled to a cash severance benefit in the amount of approximately \$504,000. If Mr. Ansari's employment is involuntarily terminated (other than for cause) at any time following a change in control of Magyar Bancorp or Magyar Bank, he is entitled to a severance benefit equal to two times the sum of his then current base salary, plus any earned and accrued but unpaid bonus for the year of termination. If a change in control and termination of employment had occurred on the last day of the 2013 fiscal year, Mr. Ansari would have been entitled to a cash severance benefit in the amount of approximately \$529,000.

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If either executive's employment is terminated for any of the reasons specified in the preceding paragraph that would entitle the executive to a severance payment, the Company will cause to be continued for 24 months, at its sole expense, life insurance coverage and non-taxable medical and dental insurance coverage substantially identical to the coverage maintained by the Company and/or the Bank prior to the termination of his employment.

The agreements provide that in no event shall the aggregate payments or benefits to be made or afforded to the executive under the agreement constitute an "excess parachute payment," and in order to avoid such a result, such payments or benefits will be reduced, if necessary, to an amount which is one dollar (\$1.00) less than an amount equal to three (3) times the executive's "base amount," as determined in accordance with said Section 280G of the Internal Revenue Code.

The agreements also provide that, other than following a change in control, the executives shall not compete with Magyar Bank or the Company for a period of one year following their termination of employment with Magyar Bank or the Company.

***Change-in-Control Agreement.*** In June 2012, the Company entered into a one-year change-in-control agreement with Brian Stanley, the Senior Vice President and Chief Lending Officer of the Company and of Magyar Bank, that provides certain benefits in the event of a termination of employment following a change in control of the Company or Magyar Bank. Commencing on each anniversary date, the agreement will be renewed for an additional year so that the remaining term will be one year, subject to termination by the Board of Directors on notice of non-renewal. The change-in-control agreement enables the Company to offer Mr. Stanley certain protections against termination without just cause in the event of a change in control.

Following a change in control of the Company or Magyar Bank, Mr. Stanley is entitled under the agreement to a payment if his employment is terminated during the term of such agreement, other than for just cause, or if he voluntarily terminates employment during the term of such agreement as a result of a demotion, loss of title, office or significant authority (in each case, other than as a result of the fact that either Magyar Bank or Magyar Bancorp is merged into another entity in connection with a change in control and will not operate as a stand-alone, independent entity), reduction in his annual compensation or benefits, or relocation of his principal place of employment by more than 30 miles from its location immediately prior to the change in control. If there is a change in control followed by a termination of employment, Mr. Stanley will receive a cash payment equal to the sum of his highest rate of base salary and the highest rate of bonus awarded to him during the prior three years, payable in a lump sum. In accordance with the foregoing, if a change of control had occurred as of September 30, 2013 that resulted in a termination of employment, Mr. Stanley would have been entitled to a cash payment in the aggregate amount of approximately \$171,924. In addition to the cash payment, Mr. Stanley is entitled to receive life, medical, and dental coverage, at no cost, for a period of 12 months from the date of termination. Notwithstanding any provision to the contrary in the change-in-control agreements, payments under the change in control agreements are limited so that they will not constitute an excess parachute payment under Section 280G of the Internal Revenue Code of 1986, as amended.



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**Stock-Based Incentive Plan.** In 2007, stockholders approved Magyar Bancorp's Equity Incentive Plan (the "Equity Plan") to provide officers, employees and directors with additional incentives to promote the growth and performance of the Company. The Equity Plan authorized the issuance of up to 381,260 shares of Magyar Bancorp common stock pursuant to grants of incentive and non-statutory stock options, stock appreciation rights, and restricted stock awards. Stock options are either "incentive" stock options or "non-qualified" stock options. Under the Equity Plan, the exercise price of options may not be less than the fair market value on the date the stock option is granted. The Equity Plan provides that neither the Compensation Committee nor the Board is authorized to make any adjustment or amendment that reduces or would have the effect of reducing the exercise price of a stock option or stock appreciation right previously granted. No more than 108,931 shares may be issued as restricted stock awards.

Employees and outside directors of Magyar Bancorp or its subsidiaries are eligible to receive awards under the Equity Plan, except that non-employees may not be granted incentive stock options.

The maximum number of shares of stock that may be covered by stock options or stock appreciation rights granted to any one non-employee director is five percent (5%) of the shares to be granted in the aggregate as stock options or stock appreciation rights under the plan, and the maximum number of stock awards that may be granted to any one non-employee director is five percent (5%) of the shares to be granted in the aggregate as stock awards under the plan. In addition, the maximum number of shares of stock that may be covered by all stock options and stock appreciation rights granted to all non-employee directors as a group is thirty percent (30%) of the shares in the aggregate to be covered by stock options or stock appreciation rights granted under the plan, and the maximum number of stock awards that may be granted to all non-employee directors as a group is thirty percent (30%) of the stock awards in the aggregate to be granted under the plan.

The Committee may designate whether any stock appreciation rights, stock awards or cash incentive awards being granted to any participant are intended to be "performance-based compensation" as that term is used in section 162(m) of the Code. In establishing the performance measures, the Committee may provide for the inclusion or exclusion of certain items.

If the right to become vested in an award under the Equity Plan is conditioned on the completion of a specified period of service with the Company or its subsidiaries, without the achievement of performance measures or objectives, then unless otherwise determined by the Committee and evidenced in an award agreement, the required period of service for full vesting shall not be less than three years for an employee, and not less than one year for a director, subject in either case to acceleration in the event of death, disability, retirement, involuntary termination of employment of service following a change in control, or other enumerated events.

The Company does not have any equity compensation program that was not approved by its stockholders, other than the ESOP.

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**Outstanding Equity Awards at Year End.** The following table sets forth information with respect to outstanding equity awards as of September 30, 2013 for the Named Executive Officers.

OUTSTANDING EQUITY AWARDS AT SEPTEMBER 30, 2013 (1)

Name	Option awards					Stock awards		Equity incentive plan awards:	
	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying exercised options (#) unexercisable	Equity incentive plan awards: number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)	Equity incentive plan awards: unearned or other rights that have not vested (#)	Equity incentive plan awards: market or value of unearned or other rights that have not vested (\$)
John S. Fitzgerald	32,500	—	—	\$ 14.61	3/1/2017	4,751	35,252	—	—
Jon R. Ansari	32,500	—	—	\$ 14.61	3/1/2017	2,400	17,808	—	—
Brian Stanley	5,000	—	—	\$ 14.61	3/1/2017	700	5,194	—	—

(1) All equity awards noted in this table were granted pursuant to the 2006 Equity Incentive Plan, which were approved by stockholders on February 12, 2007, and represent all awards held at September 30, 2013 by the Named Executive Officers. On March 1, 2007, the Named Executive Officers were granted shares of restricted stock and stock options. Shares of restricted stock vest at a rate of 20% per year commencing on March 1, 2008. Mr. Fitzgerald received 15,400 shares, Mr. Ansari received 15,400 shares, and Mr. Stanley received 3,250 shares. Stock options vest at a rate of 20% per year commencing on March 1, 2008, have an exercise price of \$14.61 (the closing price on the date of grant), and expire ten years from the date of grant. On April 1, 2010, the Named Executive Officers were granted additional shares of restricted stock which vest at a rate of 20% per year commencing on April 1, 2011. Mr. Fitzgerald received 7,000 shares, Mr. Ansari received 3,000 shares and Mr. Stanley received 1,000 shares. On April 1, 2011, the Named Executive Officers were granted additional shares of restricted stock which vest at a rate of 20% per year commencing on April 1, 2012. Mr. Fitzgerald received 3,252 shares, Mr. Ansari received 2,000 shares and Mr. Stanley received 500 shares.

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***Defined Benefit Pension Plan.*** Magyar Bank sponsors the Magyar Savings Bank Retirement Plan, which is a qualified, tax-exempt defined benefit plan (the &ld