

Citizens Community Bancorp Inc.
Form S-1/A
August 23, 2006

As filed with the Securities and Exchange Commission on August ^23, 2006

Registration No. 333-135527

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**PRE-EFFECTIVE AMENDMENT NO. ^3 TO THE
REGISTRATION STATEMENT ON FORM S-1
UNDER
THE SECURITIES ACT OF 1933**

CITIZENS COMMUNITY BANCORP, INC.

(Exact name of small business issuer as specified in its charter)

Maryland

6035

20-5120010

(State or other jurisdiction of
incorporation or organization)

(Primary Standard Industrial
Classification Code Number)

(I.R.S. Employer
Identification No.)

2174 EastRidge Center, Eau Claire, Wisconsin 54701
(715) 836-9994

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)_____

James G. Cooley, President and Chief Executive Officer
Citizens Community Bancorp, Inc.
2174 EastRidge Center
Eau Claire, Wisconsin 54701
(715) 836-9994

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

Please send copies of all communications to:

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SILVER, FREEDMAN & TAFF, L.L.P.

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(a limited liability partnership including professional corporations)

1700 Wisconsin Avenue, NW

Washington, DC 20007

(202) 295-4500

Approximate date of proposed sale to the public:

As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, 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, please 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(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier 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 registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee
Common Stock, par value \$.01 per share	7,116,519 shares	\$10.00	\$71,165,190	(2)
401(k) Plan Participation Interests	(3)	---	\$ 2,000,000	--(4)

(1) Estimated solely for the purpose of calculating the registration fee.

(2) \$7,614.68 was previously paid with the initial filing made on July 6, 2006.

(3) In addition, pursuant to Rule 416(c) under the Securities Act, this Registration statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein.

(4) The securities of Citizens Community Bancorp, Inc. to be purchased by Citizens Community Federal's 401(k) Profit Sharing Plan are included in the amount shown above for common stock. Accordingly, no separate fee is required for the participation interests. In accordance with Rule 457(h) of the Securities Act, as amended, the registration fee has been calculated on the basis of the number of shares of common stock that may be purchased with the current assets of the plan.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Prospectus Supplement

CITIZENS COMMUNITY BANCORP, INC.

**CITIZENS COMMUNITY FEDERAL
EMPLOYEES' SAVINGS & PROFIT SHARING PLAN AND TRUST**

This prospectus supplement relates to the election by participants in the Citizens Community Federal Employees' Saving & Profit Sharing Plan to direct the plan trustee to invest all or a portion of their funds in the plan in the common stock of Citizens Community Bancorp, Inc. The Citizens Community Federal Employees' Savings & Profit Sharing Plan is referred to in this prospectus supplement as the 401(k) Plan.

The common stock may be purchased through an additional investment option called the Citizens Community Bancorp, Inc. Employer Stock Fund, sometimes referred to in this prospectus supplement as the Employer Stock Fund. The interests offered under this prospectus supplement are conditioned on the completion of the conversion of Citizens Community MHC from the mutual to stock form of organization. Your investment in the Employer Stock Fund in connection with the conversion of Citizens Community MHC is also governed by the purchase priorities contained in Citizens Community MHC's plan of conversion. The 401(k) Plan permits you, as a participant, to direct the trustee of the Employer Stock Fund to purchase Citizens Community Bancorp, Inc. common stock with amounts in the 401(k) Plan attributable to your accounts. This prospectus supplement relates solely to the initial election of a participant to direct the purchase of Citizens Community Bancorp, Inc. common stock in the reorganization and not to any future purchases under the 401(k) Plan or otherwise.

The prospectus dated _____, 2006 of Citizens Community Bancorp, Inc., which is being delivered with this prospectus supplement, includes detailed information with respect to Citizens Community Bancorp, Inc., the reorganization, Citizens Community Bancorp, Inc. common stock and the financial condition, results of operations and business of Citizens Community Federal. This prospectus supplement, which provides detailed information with respect to the 401(k) Plan, should be read only in conjunction with the prospectus.

**For a discussion of certain factors that you should consider before investing,
See "Restrictions on Resale" at page 19 in this prospectus supplement
And "Risk Factors" beginning on page 14 in the prospectus.**

The securities offered hereby are not deposits or accounts and are not federally insured or guaranteed.

The securities offered hereby have not been approved or disapproved by the Securities and Exchange Commission, the Office of Thrift Supervision, or any state securities commission or agency, nor have these agencies passed upon the accuracy or adequacy of this prospectus supplement. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is _____, 2006.

This prospectus supplement contains information you should consider when making your investment decision. You should rely only on the information provided in this prospectus supplement. Citizens Community Bancorp, Inc. has not authorized anyone else to provide you with different information. Citizens Community Bancorp, Inc. is not making an offer of its common stock in any state where an offer is not permitted. The information in this prospectus supplement is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus supplement or any sale of Citizens Community Bancorp, Inc. common stock.

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THE OFFERING

Election to Purchase Citizens Community Bancorp, Inc. Common Stock in the Reorganization

In connection with the conversion of citizens Community MHC from the mutual to stock form of organization, the 401(k) Plan will permit each participant to direct that all or part of the funds in his or her accounts under the 401(k) Plan be transferred to the Citizens Community Bancorp, Inc. Employer Stock Fund and used to purchase Citizens Community Bancorp, Inc. common stock in the conversion. Citizens Community Bancorp stock currently held in the Employer Stock Fund shall remain invested in the Employer Stock Fund subject to the terms of the 401(k) Plan and the conversion. The trustee of the Employer Stock Fund will follow the participants' directions and exercise subscription rights to purchase the common stock in the reorganization to the extent provided in our plan of conversion. Funds in the 401(k) Plan that you do not want to be used to purchase Citizens Community Bancorp, Inc. common stock will remain invested in accordance with your investment instructions in effect at the time. Citizens Community Bancorp stock currently held by the Employer Stock Fund will be converted to Citizens Community Bancorp, Inc. common stock pursuant to the conversion.

Respective purchases by the 401(k) Plan in the reorganization will be counted as purchases by the individual participants at whose election they are made, and will be subject to the purchase limitations applicable to the individual, rather than being counted in determining the maximum amount that Citizens Community Bancorp, Inc.'s tax-qualified employee plans (as defined in the prospectus) may purchase in the aggregate. See "The Reorganization - Subscription Offering" in the prospectus. Citizens Community Bancorp stock in the Employer Stock Fund that is converted to Citizens Community Bancorp, Inc. common stock does not count against any limitation.

All plan participants are eligible to direct a transfer of funds to the Citizens Community Bancorp, Inc. Employer Stock Fund. However, these directions are subject to the purchase priorities in the plan of conversion of Citizens Community MHC. Your order will be filled based on your status as an eligible account holder or supplemental eligible account holder in the conversion. An eligible account holder is a depositor whose deposit account(s) totaled \$50.00 or more on March 31, 2005. A supplemental eligible account holder is a depositor whose deposit account(s) totaled \$50.00 or more on June 30, 2006. If you fall into one of the above subscription offering categories, you have subscription rights to purchase shares of Citizens Community Bancorp, Inc. common stock in the subscription offering and you may use funds in the 401(k) Plan account to pay for the shares of Citizens Community Bancorp, Inc. common stock that you are eligible to purchase, with such common stock purchased by the 401(k) Plan being held in the Employer Stock Fund.

If we receive subscriptions for more shares than are to be sold in the offering, shares will be allocated to subscribers in the order of the priorities established in Citizens Community MHC's plan of reorganization under a formula outlined within the plan of conversion. In that case, as a result of the allocation, the trustee for the 401(k) Plan may not be able to purchase all of the common stock you requested in the reorganization. The trustee would purchase in the conversion as many shares as it is able and would pro-rate those shares to each participant's account based on the purchase priorities contained in Citizens Community MHC's plan of conversion and outlined above.

Securities Offered

The securities offered in connection with this prospectus supplement are participation interests in the 401(k) Plan. A total of 4,600,000 shares are being offered of our common stock. Citizens Community Bancorp, Inc. is the issuer of the common stock and only the employees of Citizens Community Bancorp, Inc. and Citizens Community Federal may participate in the 401(k) Plan. Information relating to the 401(k) Plan is contained in this prospectus supplement and information relating to Citizens Community Bancorp, Inc., the reorganization and the financial condition, results of operations and business of Citizens Community Federal is contained in the prospectus delivered with this prospectus supplement. The address of our principal executive office is 2174 EastRidge Center, Eau Claire, Wisconsin 54701, and our telephone number is (715) 836-9994. As of June 30, 2006, the market value of the assets of the 401(k) Plan equaled approximately \$2,128,503.43. The plan administrator has informed each participant of the value of his or her beneficial interest in the 401(k) Plan. The value of 401(k) Plan assets represents past contributions to the 401(k) Plan on each participant's behalf, plus or minus earnings or losses on the contributions, less previous withdrawals.

Method of Directing Transfer

Included with this prospectus supplement is an election and investment form. If you wish to direct some or all of your beneficial interest in the assets of the 401(k) Plan into the Employer Stock Fund to purchase Citizens Community Bancorp, Inc. common stock in the reorganization, you should indicate that decision by checking the appropriate box of the election form and completing this part of the election form. If you do not wish to make an election at this time, you do not need to take any action.

Time for Directing Transfer

The deadline for submitting a direction to transfer amounts to the Employer Stock Fund in order to purchase Citizens Community Bancorp, Inc. common stock in the reorganization is _____, 2006, unless extended. Your completed election form must be returned to the Stock Information Center, 2174 EastRidge Center, Eau Claire, Wisconsin 54701, by 12:00 Noon, Eau Claire, Wisconsin time on that date.

Irrevocability of Transfer Direction

Once received in proper form, your executed election form may not be modified, amended or revoked without our consent unless the reorganization has not been completed within 45 days after the end of the subscription and community offering. See also "Investment of Contributions - Citizens Community Bancorp, Inc. Common Stock Investment Election Procedures" below.

Subsequent Elections

After the offering, you will continue to be able to direct the investment of past balances and current contributions in the investment options available under the 401(k) Plan, including the Employer Stock Fund (the percentage invested in any option must be a whole percent). The allocation of your interest in the various investment options offered under the 401(k) Plan may be changed daily. Special restrictions may apply to transfers directed to or from the Employer Stock Fund by those participants who are our executive officers and principal shareholders and are subject to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended. In addition, executive officers of Citizens Community Bancorp, Inc. and Citizens Community Federal will not be able to transfer their initial investment out of the Citizens Community Bancorp, Inc. Employer Stock Fund for a period of one year following consummation of the reorganization.

Purchase Price of Citizens Community Bancorp, Inc. Common Stock

The funds transferred to the Employer Stock Fund for the purchase of Citizens Community Bancorp, Inc. common stock in the reorganization will be used by the trustee to purchase shares of the common stock. The price paid for the shares of Citizens Community Bancorp, Inc. common stock will be \$10.00 per share, the same price as is paid by all other persons who purchase our common stock in the reorganization.

Nature of a Participant's Interest in Citizens Community Bancorp, Inc. Common Stock

Citizens Community Bancorp, Inc. common stock will be held in the name of the trustee of the Employer Stock Fund, in its capacity as trustee. Because the 401(k) Plan actually purchases the shares, you will acquire a "participation interest" in the shares and not own the shares directly. The trustee will maintain individual accounts reflecting each participant's individual interest in the Employer Stock Fund.

Voting and Tender Rights of Citizens Community Bancorp, Inc. Common Stock

The plan administrator generally will exercise voting rights attributable to all of the common stock held by the Employer Stock Fund. With respect to matters involving tender offers for Citizens Community Federal, the plan administrator will vote shares allocated to participants in the 401(k) Plan, as directed by participants with interests in the Citizens Community Bancorp, Inc. Employer Stock Fund. The trustee will provide to you voting instruction rights reflecting your proportional interest in the Citizens Community Bancorp, Inc. Employer Stock Fund. The number of shares of common stock held in the Citizens Community Bancorp, Inc. Employer Stock Fund that the trustee votes in the affirmative and negative on each matter will be proportionate to the voting instructions given by the participants. Where tender offer instructions are given by the participant, the shares shall be tendered in the manner directed by the plan administrator.

DESCRIPTION OF THE 401(k) PLAN

Introduction

The 401(k) Plan was adopted by Citizens Community Federal and contains a cash-or-deferred feature described at Section 401(k) of the Internal Revenue Code of 1986, as amended, to encourage employee savings and to allow eligible employees to supplement their income upon retirement.

Reference to Full Text of 401(k) Plan. The following statements are summaries of certain provisions of the 401(k) Plan. They are not meant to be a complete description of these provisions and are qualified in their entirety by the full text of the 401(k) Plan. Copies of the 401(k) Plan are available to all employees as permitted by ERISA, the federal law regulating pension plans. You should submit your request to the plan administrator, Citizens Community Federal, 2174 EastRidge Center, Eau Claire, Wisconsin 54701. We encourage you to read carefully the full text of the 401(k) Plan to understand your rights and obligations under the 401(k) Plan.

Tax and Securities Laws. Participants should consult with legal counsel regarding the tax and securities laws implications of participation in the 401(k) Plan. Any officers or beneficial owners of more than 10% of the outstanding shares of common stock should consider the applicability of Sections 16(a) and 16(b) of the Securities Exchange Act of 1934, as amended, to his or her participation in the 401(k) Plan. See "Securities and Exchange Commission Reporting and Short Swing Profit Liability" on page 20 of this prospectus supplement.

Eligibility and Participation

All employees of Citizens Community Federal who have attained the age of 21 are immediately eligible to participate in the cash or deferred portion (i.e., that portion of the Plan under which 401(k) deferrals are made). All employees of Citizens Community Federal who have attained the age of 21 and who have completed at one Year of Service are eligible to participate in the profit sharing and matching contribution portions of the 401(k) Plan, as of the next following January 1 or July 1. As of June 30, 2006, there were approximately 90 employees eligible to participate in the cash or deferred portion of the 401(k) Plan, and 75 employees had elected to participate in the cash or deferred portion of the 401(k) Plan.

Contributions Under the 401(k) Plan

401(k) Contributions. The 401(k) Plan permits each participant to defer receipt of amounts ranging from 2% to 100% of their annual compensation, not to exceed \$15,000 (for 2006), and to have that compensation contributed to the 401(k) Plan. Generally, the plan describes a participant's annual compensation as total compensation while the employee is a participant, less certain fringe benefits. However, no more than \$220,000 of compensation may be taken into account for purposes of determining 401(k) contributions (and profit sharing and matching contributions) for 2006. You may modify the rate of your future 401(k) contributions by filing a new deferral agreement with the plan administrator. Modifications to your rate of 401(k) contributions may take effect at the beginning of each payroll period after the filing is processed.

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Catch-Up 401(k) Contributions. The 401(k) Plan permits each participant who has attained age 50 to defer up to an additional \$5,000 (for 2006) into the 401(k) Plan. Catch-up 401(k) contributions are not subject to any limitations other than the \$5,000 dollar limitation.

Matching Contributions. The 401(k) Plan currently provides for matching contributions to the 401(k) Plan equal to 150% on the first 2% of the participant's 401(k) deferrals for the year (i.e., a 3% maximum matching contribution). To be eligible for a matching contribution in any year, you must be actively employed with Citizens Community Federal or Citizens Community Bancorp, Inc. or an affiliate on the last day of the Plan Year, and have completed at least 1,000 Hours of Service during the Plan Year (unless you have attained age 65, in which case these allocation conditions do not apply). Citizens Community Federal may amend the amount of matching contributions it will make at any time, by an amendment to the 401(k) Plan.

Profit Sharing Contributions. The 401(k) Plan currently permits Citizens Community Federal to make discretionary profit sharing contributions to the Plan. To be eligible for a profit sharing contribution in any year, you must be actively employed with Citizens Community Federal or Citizens Community Bancorp, Inc. on the last day of the Plan Year, and have completed at least 1,000 Hours of Service during the Plan Year (unless you have attained age 65, in which case these allocation conditions do not apply). Profit sharing contributions are allocated on an "integrated" basis. Generally, this means that eligible participants who earn more than 80 percent of the maximum Social Security taxable wage base (which taxable wage base is \$94,200 for 2006), rounded to the next highest \$100, will be allocated a greater share of the profit sharing contribution than he would receive if the contribution were allocated pro rata based on compensation.

Rollover Contributions. You may also rollover or directly transfer accounts from another qualified plan or an IRA, provided the rollover or direct transfer complies with applicable law. If you want to make a rollover contribution or direct transfer, you should contact the plan administrator.

Limitations on Contributions

Limitations on 401(k) Contributions. Although the 401(k) Plan allows you to defer receipt of up to 100% of your compensation each year as a 401(k) contribution, federal law limits your total 401(k) contributions under the 401(k) Plan, and any similar plans, to \$15,000 for 2006. 401(k) contributions in excess of this limitation are considered excess deferrals, and will be included in an affected participant's gross income for federal income tax purposes in the year the 401(k) contribution is made. In addition, any excess deferral will again be subject to federal income tax when distributed by the 401(k) Plan to the participant, unless the excess deferral, together with any income earned on the excess deferral, is distributed to the participant not later than the first April 15th following the close of the taxable year in which the excess deferral is made. Any income on the excess deferral that is distributed not later than such date shall be treated, for federal income tax purposes, as earned and received by the participant in the taxable year in which the distribution is made.

Limitations on Annual Additions and Benefits. Pursuant to the requirements of the Internal Revenue Code, the 401(k) Plan provides that the total amount of all contributions and forfeitures (annual additions) allocated to participants during any plan year may not exceed the lesser of 100% of the participant's compensation for the plan year, or \$44,000. The \$44,000 limit will be increased from time to time to reflect increases in the cost of living. Annual additions for this purpose generally include 401(k) deferrals, matching contributions and employer contributions to any other qualified plan. Annual additions do not include rollover contributions.

Limitation on 401(k) and Matching Contributions for Highly Compensated Employees. Sections 401(k) and 401(m) of the Internal Revenue Code limit the amount of 401(k) contributions and matching contributions that may be made to the 401(k) Plan in any plan year on behalf of highly compensated employees (defined below) in relation to the amount of 401(k) contributions and matching contributions made by or on behalf of all other employees eligible to participate in the 401(k) Plan. Specifically, the percentage of 401(k) contributions made on behalf of a participant who is a highly compensated employee shall be limited so that the average actual deferral percentage for the group of highly compensated employees for the current plan year does not exceed the greater of (i) the average actual deferral percentage for the group of eligible employees who are non-highly compensated employees for the current plan year multiplied by 1.25; or (ii) the average actual deferral percentage for the group of eligible employees who are non-highly compensated

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employees for the current plan year, multiplied by two (2); provided that the difference in the average actual deferral percentage for eligible non-highly compensated employees does not exceed 2%. Similar discrimination rules apply to matching contributions. The average deferral percentage for each group is determined by adding the contribution percentage (401(k) or matching, as the case may be) and dividing that sum by the number of employees in each group, including participants who do not make 401(k) contributions or receive matching contributions.

In general, a highly compensated employee includes any employee who was a 5% owner of the employer at any time during the year or preceding year or had compensation for the preceding year in excess of \$95,000. The dollar amount in the foregoing sentence is for 2006. This amount is adjusted annually to reflect increases in the cost of living.

Contributions allocated to highly compensated employees that exceed the average deferral limitation in any plan year are referred to as excess contributions. In order to prevent the disqualification of the 401(k) Plan, any excess 401(k) contributions, together with any income earned on these excess contributions, must be distributed to the highly compensated employees before the close of the following plan year. However, the employer will be subject to a 10% excise tax on any excess contributions unless the excess contributions, together with any income earned on these excess contributions, are distributed before the close of the first 2-1/2 months following the plan year to which the excess contributions relate. Matching contributions that relate to the returned deferral contributions will be forfeited (if not vested) or distributed (if vested) at the same time as the excess deferral contributions are returned to affected participants. Regarding matching contributions that do not satisfy the limitation tests described above, in order to prevent the disqualification of the 401(k) Plan, any excess matching contributions, together with any income earned on these excess contributions, must be distributed to the highly compensated employees before the close of the following plan year. Excess matching contributions, plus income allocable thereto, will be forfeited (if not vested) or distributed (if vested). There are specific rules for determining which highly compensated employees will be affected by the excess contribution return rules, and the amount of excess 401(k) contributions and matching contributions that must be returned to the affected employees.

Deduction Limits. Matching and profit sharing contributions are subject to and limited by Internal Revenue Code deduction rules. Contributions will not be made to the extent they would be considered nondeductible. 401(k) contributions are neither subject to nor limited by the Internal Revenue Code deduction rules.

Top-Heavy Plan Requirements. If for any plan year the 401(k) Plan is a top-heavy plan, then minimum contributions may be required to be made to the 401(k) Plan on behalf of non-key employees. Contributions otherwise being made under the Plan may apply to satisfy these requirements.

In general, the 401(k) Plan will be regarded as a "top-heavy plan" for any plan year if, as of the last day of the preceding plan year, the aggregate balance of the accounts of participants who are key employees exceeds 60% of the aggregate balance of the accounts of all participants. Key employees generally include any employee who, at any time during the plan year, is (1) an officer of Citizens Community Bancorp, Inc. or its subsidiaries having annual compensation in excess of \$140,000 who is in an officer in an administrative or policy-making capacity, (2) a 5% owner of Citizens Community Bancorp, Inc., i.e., owns directly or indirectly more than 5% of the stock of Citizens Community Bancorp, Inc., or stock possessing more than 5% of the total combined voting power of all stock of Citizens Community Bancorp, Inc., or (3) a 1% owner of Citizens Community Bancorp, Inc. having annual compensation in excess of \$150,000. The \$140,000 dollar amount (but not the \$150,000 amount) in the foregoing sentence are for 2006, and will adjusted in the future for cost of living increases.

Investment of Contributions

Investment Options. All amounts credited to participants' accounts under the 401(k) Plan are held in trust. The trust is administered by a trustee appointed by Citizens Community Federal's board of directors.

You must instruct the trustee as to how funds held in your account are to be invested. In addition to the Citizens Community Bancorp, Inc. Employer Stock Fund, participants may elect to instruct the trustee to invest such funds in any or all of the following investment options:

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- ◆ JH Allianz RCM Global Technology Fund - seeks to achieve long-term capital appreciation by investing in equity securities of technology companies. The portfolio invests in technology companies organized or headquartered in at least three different countries (one of which may be the United States).
- ◆ JH T. Rowe Price Science & Technology Fund - seeks to achieve long-term growth of capital by investing primarily in the common stocks of companies expected to benefit from the development, advancement and use of science and technology.
- ◆ JH Oppenheimer Developing Markets Fund - seeks to achieve capital appreciation by investing primarily in the common stock of issuers in emerging and developing markets throughout the world.
- ◆ JH T. Rowe Price Health Sciences Fund - seeks to achieve long-term capital appreciation by investing primarily in common stocks of companies engaged in the research, development, production or distribution of products or services related to health care, medicine or the life sciences.
- ◆ Emerging Growth Fund - seeks to achieve superior long-term rates of return through capital appreciation. The portfolio seeks to achieve its objective by investing, under normal circumstances, primarily in equity securities of small-cap U.S. companies.
- ◆ JH AIM Small Cap Growth Fund - seeks to provide long-term growth of capital investing in U.S. small-cap companies that exhibit strong earnings momentum or demonstrate other potential for growth of capital.
- ◆ JH Explorer Fund - seeks to achieve long-term capital appreciation by investing primarily in common stocks of small- and emerging-growth companies. The portfolio may invest up to 20% of its assets in foreign securities and up to 15% of its assets in restricted or illiquid securities.
- ◆ JH Mason Street Small Cap Growth Stock Fund - seeks long-term growth of capital, by investing in the equity securities of small companies selected for their growth potential.
- ◆ JH Franklin Small-Mid Cap Growth Fund - seeks to achieve long-term growth of capital by investing at least 80% of its net assets in the equity securities with market capitalization values of less than 38.5 billion.
- ◆ JH Calamos Growth Fund - targets securities of companies that offer above-average potential for earnings growth. In seeking to meet its objective, the portfolio utilizes highly disciplined institutional management strategies that emphasize in-depth proprietary analysis of the securities and their issuing companies, and diversification across companies of various sizes and sectors of the market.
- ◆ JH Royce Opportunity Fund - seeks to achieve long-term growth of capital by investing the portfolio's assets primarily in a diversified portfolio of equity securities issued by small- and micro-cap companies.
- ◆ JH John Hancock Small Cap Fund - seeks capital appreciation primarily through investments in U.S. small capitalization companies.
- ◆ JH Mason Street Aggressive Growth Stock Fund - seeks to achieve long-term growth of capital by investing in the securities of companies selected for their growth potential. These companies are mostly small and mid-sized companies and may also be newer companies whose stock may experience substantial price volatility.
- ◆ Small Cap Index Fund - seeks to achieve the approximate aggregate total return of a small-cap U.S. domestic equity market index by attempting to track the performance of the Russell 2000 Index.

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- ◆ JH American Century Small Company Fund - seeks to achieve long-term capital growth by investing primarily in the common stock of small U.S. companies. The portfolio manages risk by broadly diversifying its investments based on the S&P Small Cap 600 Index.
- ◆ JH American Century Vista Fund - seeks long term growth of capital by investing in companies the manager believes will increase in value over time, using a growth investment strategy developed by American Century.
- ◆ JH Scudder Mid Cap Growth Fund - seeks to achieve long-term growth of capital by investing primarily in equity securities of companies with significant growth potential, with an emphasis on medium-sized companies.
- ◆ JH Legg Mason Growth Fund - seeks to achieve maximum long-term capital appreciation with minimum long-term risk to principal. The fund invests primarily in common stocks that, in the manager's opinion, appear to offer above average growth potential and trade at a significant discount to the manager's assessment of their intrinsic value. Any income realized will be incidental to the fund's objective.
- ◆ JH Smith Barney Aggressive Growth Fund - seeks capital appreciation by investing primarily in common stocks of companies that the manager believes are experiencing, or will experience, growth in earnings that exceeds the average rate of earnings growth of the companies, which comprise the S&P 500 Index.
- ◆ JH Energy Fund - seeks to achieve long-term capital appreciation by investing at least 80% of its assets in the common stocks of companies engaged in energy-related activities.
- ◆ JH AIM Constellation Fund - seeks to achieve long-term capital appreciation by investing principally in common stocks of companies that are likely to benefit from new or innovative products, services or processes, as well as those that have experienced above-average, long-term growth in earnings and have excellent prospects for future growth.
- ◆ JH Davis Financial Fund - seeks to achieve long-term growth of capital by investing primarily in the common stocks of financial services companies. A significant portion of the fund's assets may be invested in companies operating, incorporated, or principally traded in foreign countries.
- ◆ JH Nations Marsico International Opportunities Fund - seeks long-term growth of capital by investing at least 65% of its assets in common stocks of foreign companies.
- ◆ JH Scudder International Select Fund - seeks to achieve long-term growth of capital by investing primarily in stocks and other securities with equity characteristics of companies located in the developed countries that make up the MSCI EAFE® Index.
- ◆ JH Templeton Foreign Smaller Companies Fund - seeks to achieve long-term capital appreciation. The portfolio invests at least 80% of its net assets in the common stock of smaller companies outside the U.S., including emerging markets.
- ◆ International Equity Index Fund - seeks to achieve the approximate aggregate total return of a foreign equity market index by attempting to track the performance of the MSCI All Country World Free ex-USA.
- ◆ JH American Funds EuroPacific Growth Fund - seeks to achieve capital appreciation through stocks, mainly in growing companies based in Europe and the Pacific Basin, ranging from small firms to large corporations. Under normal market conditions, the portfolio will invest almost all its assets in securities of issuers based outside the United States. The portfolio may invest in securities of issuers based in developing countries with no more than 5% of assets in debt securities rate BBB, Baa or below at the time of purchase.

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- ◆ JH Mason Street International Equity Fund - seeks to achieve long-term growth of capital by investing primarily in equity securities of companies outside the U.S.
- ◆ JH Templeton Foreign Fund - seeks to achieve long-term growth of capital by investing primarily in equity securities of companies located outside the United States, including emerging markets.
- ◆ JH Oppenheimer Global Fund - seeks to achieve capital appreciation by investing mainly in common stocks of companies in the U.S. and foreign countries.
- ◆ Quantitative Mid Cap Fund - seeks to achieve long-term capital growth by investing primarily in U.S. mid-cap stocks, convertible preferred stocks, convertible bonds and warrants. The portfolio may also invest up to 20% in large-cap stocks.
- ◆ Mid Cap Index Fund - To seek to achieve the approximate aggregate total return of a mid-cap U.S. domestic equity market index by attempting to track the performance of the S&P Mid Cap 400 Index.
- ◆ JH AIM Mid Cap Core Equity Fund - seeks to achieve long term growth by investing in medium sized U.S. companies.
- ◆ JH Templeton World Fund - seeks to achieve long-term capital appreciation by investing, under normal market conditions (plus any borrowings for investment purposes) in the equity securities of companies located anywhere in the world, including emerging markets. At least 65% of its total assets will be invested in issuers located in at least three different countries (including the U.S.).
- ◆ JH Jennison Growth Fund - seeks to achieve long-term growth of capital by investing primarily in equity-related securities of companies that exceed \$1 billion in market capitalization and that Jennison Associates LLC believes have above-average growth prospects.
- ◆ JH American Funds Growth Fund of America - seeks to achieve growth of capital by investing primarily in common stocks of companies that appear to offer superior opportunities for growth. The Growth portfolio may also invest up to 15% of its assets in equity securities of issuers domiciled outside the U.S. and Canada and not included in the S&P 500 Composite Index.
- ◆ JH John Hancock U.S. Global Leaders Growth Fund - seeks long-term growth of capital by investing primarily in common stocks of "U.S. Global Leaders." Under normal market conditions, at least 80% of the fund's assets will be invested in stocks of companies the managers regard as U.S. global leaders. U.S. global leaders are considered to be U.S. companies with multinational operations that typically exhibit sustainable growth characteristics.
- ◆ Quantitative All Cap Fund - seeks to achieve long-term growth of capital. The portfolio seeks to achieve its objective by investing, under normal circumstances, primarily in equity securities of U.S. companies. The Fund will generally focus on equity securities of U.S. companies across the three market capitalization ranges of large, mid and small.
- ◆ JH Fidelity Advisor Large Cap Fund - seeks to achieve long-term growth of capital by investing primarily in common stocks of companies with large market capitalizations.
- ◆ JH Fidelity Contra Fund - seeks to achieve capital appreciation by investing primarily in common stocks. The portfolio seeks to invest in growth as well as value stocks of both U.S. and foreign companies.

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- ◆ JH Excelsior Value & Restructuring Fund - seeks to achieve long-term capital appreciation by investing in companies that the manager believes will benefit from restructuring or redeployment of assets and operations in order to become more competitive or profitable.
- ◆ Total Stock Market Index Fund - seeks to achieve the approximate aggregate total return of a broad U.S. domestic equity market index by attempting to track the performance of the Wilshire 5000 Index.
- ◆ JH T. Rowe Price Blue Chip Growth Fund - seeks to achieve long-term growth of capital by investing primarily in the common stocks of large- and medium-sized blue chip growth companies. Current income is a secondary objective.
- ◆ JH Legg Mason Value Fund - seeks to achieve long-term capital growth by investing, under normal market conditions, primarily in equity securities that, in the manager' opinion, offer the potential for capital growth. The manager follows a value discipline in selecting securities and therefore, seeks to purchase securities at large discounts to the manager's assessment of their intrinsic values.
- ◆ JH Mason Street Growth Stock Fund - seeks to achieve primarily long-term growth of capital and secondly current income by investing primarily in the equity securities of companies selected for their growth potential.
- ◆ JH MFS Strategic Value Fund - seeks to achieve capital appreciation. The portfolio invests, under normal market conditions, at least 65% of its net assets in common stocks and related securities, such as preferred stock, convertible securities and depositary receipts, of companies which MFS Investment Management believes are undervalued in the market relative to their long-term potential.
- ◆ JH Merrill Lynch Large Cap Value Fund - seeks to achieve long-term growth of capital through investment primarily in a diversified portfolio of equity securities of large-cap companies located in the U.S.
- ◆ JH Domini Social Equity Fund - seeks to provide its shareholders with long-term total return that matches the performance of the Domini 400 Social Index, an index made up of the stocks of 400 companies selected using social and environmental criteria. The index is composed primarily of large-cap U.S. companies.
- ◆ JH John Hancock Classic Value Fund - seeks to achieve long-term growth of capital by investing, under normal circumstances, at least 80% of its net assets in domestic equity securities.
- ◆ JH MFS Utilities Fund - seeks to achieve capital growth and current income by investing primarily in equity and debt securities of domestic and foreign companies in the utilities industry.
- ◆ JH Scudder RREEF Real Estate Securities Fund - seeks to achieve a combination of long-term capital appreciation and current income by investing primarily in common stocks and other equity securities issued by real estate companies.
- ◆ Small Cap Opportunities Fund - seeks to achieve long-term capital appreciation through investments in smaller-capitalization companies that the managers believe are undervalued but have stable or improving earnings records and sound finances. Companies generally have a market capitalization below \$1.5 billion at the time of purchase.
- ◆ JH Munder Small-Cap Value Fund - seeks to achieve long-term capital appreciation through investments in smaller-capitalization companies that the managers believe are undervalued but have stable or improving earnings records and sound finances. Companies generally have a market capitalization below \$1.5 billion at the time of purchase.

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- ◆ JH T. Rowe Price Small Cap Value Fund - seeks to achieve long-term growth of capital by investing primarily in small companies whose common stocks are believed to be undervalued.
- ◆ JH Smith Barney Small Cap Value Fund - seeks to achieve long-term growth of capital by investing in the common stock and other equity securities of smaller capitalized U.S. companies believed to be undervalued.
- ◆ JH T. Row Price Mid-Cap Value Fund - seeks to provide long-term capital appreciation through investments in mid-size companies whose stocks appear to the manager to be undervalued.
- ◆ Mid Cap Value Fund - seeks to achieve capital appreciation by investing primarily in equity securities that Lord, Abnett & Co. LLC believes to be undervalued in the marketplace. Normally, at least 80% of the portfolio's total assets will consist of investments in mid-sized companies with market capitalizations of approximately \$500 million to \$10 billion.
- ◆ JH Lord Abnett Mid Cap Value Fund - seeks to achieve capital appreciation by investing primarily in equity securities that Lord, Abnett & Co. LLC believes to be undervalued in the marketplace. Normally, at least 65% of the portfolio's total assets will consist of investments in mid-sized companies with market capitalizations of approximately \$500 million to \$10 billion.
- ◆ JH Lord Abnett All Value Fund - seeks long term growth of capital and income without excessive fluctuations in market value. The portfolio will invest primarily in equity securities of U.S. and multinational companies that Lord, Abnett & Co. LLC believes are under-valued in all market capitalization ranges. Under normal circumstances, the portfolio will invest at least 50% of its net assets in equity securities of large, seasoned companies with market capitalizations of at least \$5 billion at the time of purchase. The portfolio will invest the remainder of its assets in mid- and small-sized company securities.
- ◆ JH Mutual Discovery Fund - seeks to achieve capital appreciation by investing in undervalued stock, arbitrage opportunities and distressed securities of companies from around the world. The fund may invest significantly (up to 100%) in foreign securities, which may include sovereign debt and participations in foreign government debt.
- ◆ JH Franklin Balance Sheet Investment Fund - seeks to achieve high total return through both capital appreciation and income. The portfolio will invest primarily in equity securities and may invest a substantial portion in small capitalization companies that they believe are undervalued.
- ◆ JH Fidelity Advisor Dividend Growth Fund - seeks to achieve capital appreciation by investing primarily in common stocks. The portfolio will seek to invest in growth as well as value stocks of both U.S. and foreign companies.
- ◆ JH Weitz Partners Value Fund - seeks to achieve capital appreciation by investing in common stocks and securities convertible into common stocks such as rights, warrants, convertible preferred stocks and convertible bonds. The portfolio seeks securities that are believed to be undervalued in the market place.
- ◆ JH Mutual Beacon Fund - seeks to achieve capital appreciation, which may occasionally be short-term, by investing in U.S. and foreign equity securities of companies that the managers believe are undervalued.
- ◆ JH Mason Street Index 500 Stock Fund - seeks to achieve investment results that approximate the performance of the S&P 500 Index, by investing in stocks included in that Index.
- ◆ 500 Index Fund - seeks to achieve the approximate aggregate total return of a broad U.S. domestic equity market index by attempting to track the performance of the S&P 500 Index.

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- ◆ JH Davis New York Venture Fund - seeks to achieve long-term growth of capital by investing primarily in common stocks of U.S. companies with market capitalization of at least \$10 billion. The fund may invest a significant portion of its assets in companies operating, incorporated, or principally traded in foreign countries. The fund typically invests a significant portion of its assets in the financial services sector.
- ◆ JH UBS U.S. Large Cap Equity Fund - seeks to maximize total return, consisting of capital appreciation and current income by investing at least 80% of its net assets (plus borrowings for investment purposes, if any) in equity securities of U.S. large capitalization companies.
- ◆ Quantitative Value Fund - seeks to achieve long-term capital appreciation by investing primarily in high-quality, large-cap, U.S. securities with the potential for long-term growth of capital.
- ◆ JH American Funds Investment Company of America - seeks to achieve long-term growth of capital and income, by investing in solid companies with the greatest potential for future dividends, rather than current income. The portfolio principally invests in common stocks, but may also hold securities convertible into common stocks, as well as bonds, U.S. government securities, nonconvertible preferred stocks, and cash and equivalents. The portfolio may also invest in securities of issuers domiciled outside the United States - typically not exceeding 15% of assets.
- ◆ JH T. Rowe Price Equity Income Fund - seeks to provide substantial dividend income and long-term capital appreciation by investing primarily in common stocks of well-established companies. The portfolio will normally invest in companies that are paying above-average dividends. T. Rowe Price Associates, Inc. seeks to select stocks that appear to be temporarily undervalued or out of favor, but that have good prospects for capital appreciation.
- ◆ JH American Funds Washington Mutual Investors Fund - seeks to achieve the potential for appreciation and/or dividends, by investing primarily in common stocks or other securities. The portfolio, under normal circumstances, will invest at least 95% of its net assets in equity securities. The portfolio may invest a portion of its assets in securities of issuers domiciled outside the U.S. and not included in the Standard & Poor's 500 company Index.
- ◆ JH Mason Street Asset Allocation Fund - seeks to achieve as high a level of total return as is consistent with reasonable investment risk. The portfolio will follow a flexible policy for allocating assets among equity securities, debt instruments and cash or cash equivalents.
- ◆ JH American Funds American Balanced Fund - seeks to achieve conservation of capital, current income and long-term growth of capital and income, by investing in stocks, bonds and other fixed-income securities. The portfolio may invest up to 10% of its assets in securities of issuers domiciled outside the U.S. and not included in the Standard & Poor's 500 composite Index.
- ◆ JH PIMCO All Asset Fund - seeks to achieve maximum real return (total return less inflation), consistent in preservation of real capital and prudent investment management. It utilizes a dynamic asset allocation approach to invest a portfolio of mutual funds managed by Pacific Investment Management Company rather than individual securities.
- ◆ JH UBS Global Allocation Fund - seeks total return by allocating its assets between equity and fixed-income securities of issuers located within and outside the U.S. The portfolio can invest a portion of its assets across domestic, international, and emerging market equities and domestic and international emerging markets, and high-yield bonds. Management seeks to add value through active asset allocation, security selection and currency management, which culminates in a diversified global portfolio of stocks and bonds.
- ◆ JH Salomon Brothers High Yield Bond Fund - seeks to achieve an above-average total return over a market cycle of three to five years, consistent with reasonable risk. The portfolio invests, under normal market conditions, at least 80% of the portfolio's net assets in high yield securities, including corporate bonds, preferred stocks, U.S. Government Securities, mortgage backed securities, loan assignments or participations and convertible securities which have a Moody's rating of Ba through C or a Standard and Poor's rating of BB through D.

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- ◆ JH Mason Street High Yield Bond Fund - seeks to achieve high current income and capital appreciation by investing primarily in debt securities that are rated below investment-grade by at least one major rating agency.
- ◆ JH John Hancock Strategic Income Fund - seeks to achieve high current income through investing, under normal market conditions, primarily in foreign government and corporate debt securities from developed and emerging markets; U.S. Government and agency securities and U.S. high yield bonds.
- ◆ JH T. Rowe Price Spectrum Income Fund - seeks to achieve a high level of current income with moderate share price fluctuation. This fund invests primarily in a diversified group of five underlying T. Rowe Price Associates, Inc. domestic bond fund, two foreign bond funds, a money-market fund and one income-oriented stock fund.
- ◆ JH PIMCO Global Bond Fund - seeks to achieve maximum total return, consistent with preservation of capital and prudent investment management, by investing primarily in fixed-income securities denominated in major foreign currencies, baskets of foreign currencies (such as the ECU) and the U.S. dollar.
- ◆ JH PIMCO Total Return Fund - seeks to achieve maximum total return, consistent with preservation of capital and prudent investment management, by investing primarily in a diversified portfolio of fixed-income securities of varying maturities.
- ◆ JH Mason Street Select Bond Fund - seeks high income and capital appreciation consistent with preservation of capital, by investing primarily in a diversified portfolio of investment-grade debt securities with maturities exceeding one year.
- ◆ JH PIMCO Real Return Fund - seeks maximum real return, consistent with preservation of real capital and prudent investment management. The portfolio seeks to achieve its objective by investing, under normal circumstances, at least 80% of its net assets in inflation-indexed bonds of varying maturities issued by the U.S. and non-U.S. governments, their agencies or instrumentalities, and corporations.
- ◆ JH Short-Term Federal Fund - seeks to achieve a high level of interest income and preservation of capital by investing primarily in short-term bonds issued by U.S. government agencies.
- ◆ Money Market Fund - seeks to achieve maximum current income consistent with preservation of principal and liquidity by investing in high-quality, U.S. dollar-denominated money market instruments, with maturities of 397 days or less, issued primarily by U.S. entities.
- ◆ JH Money Market Fund - seeks to achieve maximum current income consistent with preservation of principal and liquidity by investing in high-quality, U.S. dollar-denominated money market instruments, with maturities of 397 days or less, issued primarily by U.S. entities.
- ◆ JH Morgan Stanley Stable Value Fund - seeks to preserve capital and provide stability of principal while earning current income that exceeds money market rates.
- ◆ John Hancock USA Guaranteed Interest Accounts - seeks to achieve investment income consistent with the preservation of principal, primarily through investments in federal and other government bonds, corporate bonds and commercial mortgages.

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- ◆ JH Lifestyle Fund - Aggressive Portfolio - seeks to achieve long term growth of capital by investing 100% of the portfolio's assets in Funds that invest primarily in equity securities. Current income is not a consideration.
- ◆ JH Lifestyle Fund - Growth Portfolio - seeks to achieve long-term growth of capital by investing approximately 80% of the Fund's assets in Funds that invest primarily in equity securities and approximately 20% of its assets in Funds that invest primarily in fixed income securities. Current income is also a consideration.
- ◆ JH Lifestyle Fund - Balanced Portfolio - seeks to achieve a balance between a high level of current income and growth of capital, with a greater emphasis on growth of capital, by investing approximately 40% of the Fund's assets in Funds that invest primarily in fixed-income securities and approximately 60% of its asset in Funds that invest primarily in equity securities.
- ◆ JH Lifestyle Fund - Moderate Portfolio - seeks to achieve a balance between a high level of current income and growth of capital, with a greater emphasis on income by investing approximately 60% of the Fund's assets in Funds that invest primarily in fixed-income securities and 40% of its asset in Funds that invest primarily in equity securities.
- ◆ JH Lifestyle Fund - Conservative Portfolio - seeks to achieve a high level of current income with some consideration given to growth of capital by investing approximately 80% of the Fund's assets in Funds that invest primarily in fixed-income securities and 20% of its assets in Funds that invest primarily in equity securities.
- ◆ JH Russell LifePoints Equity Aggressive Strategy Fund - seeks to achieve high, long-term capital appreciation with low current income, while recognizing the possibility of substantial fluctuations in year-to-year market values.
- ◆ JH Russell LifePoints Aggressive Strategy Fund - seeks to achieve high, long-term capital appreciation, while recognizing the possibility of substantial fluctuations in year-to-year market values.
- ◆ JH Russell LifePoints Balanced Strategy Fund - seeks to achieve a moderate level of current income and, over time, above-average capital appreciation with moderate risk.
- ◆ JH Russell LifePoints Moderate Strategy Fund - seeks to achieve moderate long-term capital appreciation with high current income, while recognizing the possibility of moderate fluctuations in year-to-year market values.
- ◆ JH Russell LifePoints Conservative Strategy Fund - seeks to achieve a moderate total rate of return through low capital appreciation and reinvestment of a high level of current income.

A brief description of the Citizens Community Bancorp, Inc. Employer Stock Fund is set forth below. For descriptions of these other investment options available to 401(k) Plan participants, you may request a prospectus for each of the investment options from the plan administrator. ***If no investment direction is given, all contributions to a participant's account will be invested in the Money Market Fund.***

The investment in Citizens Community Bancorp, Inc. common stock involves certain risks. No assurance can be given that shares of Citizens Community Bancorp, Inc. common stock purchased pursuant to the 401(k) Plan will thereafter be able to be sold at a price equal to or in excess of the purchase price. See also "Risk Factors" in the prospectus.

Citizens Community Bancorp, Inc. Common Stock Investment Election Procedures. You may instruct the trustee to purchase Citizens Community Bancorp, Inc. common stock by redirecting funds from your existing accounts (other than the Citizens Community Bancorp, Inc. Employer Stock Fund) into the Employer Stock Fund by filing an

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election form with the plan administrator on or prior to the election deadline. The total amount of funds redirected into the Employer Stock Fund must represent whole share amounts (i.e., must be divisible by the \$10.00 per share purchase price) and must be allocated in 1% increments from investment options containing the participant's 401(k) Plan funds. When you instruct the trustee to redirect the funds in your existing accounts into the Employer Stock Fund in order to purchase Citizens Community Bancorp, Inc. common stock, the trustee will liquidate funds from the appropriate investment option(s) and apply such redirected funds as requested, in order to effect the new allocation.

For example, you may fund an election to purchase 100 shares of Citizens Community Bancorp, Inc. common stock by redirecting the aggregate purchase price of \$1,000 for the shares from the following investment options (provided the necessary funds are available in such Investment Options): (i) 10% from the Money Market Fund, (ii) 30% from the S&P 500 Stock Fund, and (iii) 60% from the S&P MidCap Stock Fund. In such case, the trustee would liquidate \$100 of the participant's funds from the Money Market Fund, \$300 from funds in the S&P 500 Stock Fund and \$600 from funds in the S&P MidCap Stock Fund to raise the \$1,000 aggregate purchase price. If your instructions cannot be fulfilled because you do not have the required funds in one or more of the investment options to purchase the shares of Citizens Community Bancorp, Inc. common stock subscribed for, you will be required to file a revised election form with the plan administrator by the election deadline. Once received in proper form, an executed election form may not be modified, amended or rescinded without our consent unless the reorganization has not been completed within **45** days after the end of the subscription and community offering.

Adjusting Your Investment Strategy. Until changed in accordance with the terms of the 401(k) Plan, future allocations of your contributions would remain unaffected by the election to purchase Citizens Community Bancorp, Inc. common stock through the 401(k) Plan in the reorganization. You may modify a prior investment allocation election or request the transfer of funds to another investment vehicle by filing a written notice, with such modification or request taking effect after the valuation of accounts, which occurs daily. After the reorganization, modifications and fund transfers relating to the Employer Stock Fund will be permitted on a daily basis.

Valuation of Accounts. The 401(k) Plan uses a unit system for valuing each investment fund. Under this system your share in any investment fund is represented by units. The unit value is determined as of the close of business each regular business day. The total dollar value of your share in any investment fund as of any valuation date is determined by multiplying the number of units held by you by the unit value of the fund on that date. The sum of the values of the funds you select represents the total value of your 401(k) Plan account.

Financial Data

Employer Contributions. For the year ended September 30, 2005, we made matching contributions totaling approximately \$66,945 into the 401(k) Plan. We made no profit sharing contributions to the 401(k) Plan for the fiscal year ended September 30, 2005.

If we adopt or contribute to other stock-based benefit plans, such as an employee stock ownership plan or a restricted stock plan, then we may decide to amend the 401(k) Plan, reduce our matching contribution, and/or reduce or eliminate our profit sharing contribution under the 401(k) Plan in order to reduce overall expenses. We are currently planning to adopt an employee stock ownership plan. If we adopt a restricted stock plan, the plan would not be submitted for stockholder approval for at least six months following completion of the reorganization.

Performance of Citizens Community Bancorp, Inc. Common Stock. As of the date of this prospectus supplement, no shares of Citizens Community Bancorp, Inc. common stock have been issued or are outstanding and there is no established market for our common stock. Accordingly, there is no record of the historical performance of Citizens Community Bancorp, Inc. common stock.

Performance of Investment Options. The following table provides performance data with respect to the investment options available under the 401(k) Plan, based on information provided to Citizens Community Bancorp, Inc. by John Hancock.

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The information set forth below with respect to the investment options has been reproduced from materials supplied by John Hancock, which administers the 401(k) Plan and is responsible for providing investment alternatives under the Plan other than the Citizens Community Bancorp, Inc. Employer Stock Fund. Citizens Community Federal and Citizens Community Bancorp, Inc. take no responsibility for the accuracy of such information.

Additional information regarding the investment options may be available from John Hancock or Citizens Community Federal. Participants should review any available additional information regarding these investments before making an investment decision under the 401(k) Plan.

The total percentage return for the prior three years is provided for each of the following funds.

NET INVESTMENT PERFORMANCE

	For the Twelve-Month Period Ended September 30,		
	2005	2004	2003
	(%)	(%)	(%)
JH Allianz RCM Global Technology Fund	26.02	4.80	75.05
JH T. Rowe Price Science & Technology Fund	16.55	1.39	58.50
JH Oppenheimer Developing Markets Fund	55.70	34.09	39.69
JH T. Rowe Price Health Sciences Fund	17.85	15.73	27.69
Emerging Growth Fund	17.68	6.16	<i>n/a</i>
JH AIM Small Cap Growth Fund	20.44	5.25	31.48
JH Explorer Fund	20.46	12.05	19.34
JH Mason Street Small Cap Growth Stock Fund	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
JH Franklin Small-Mid Cap Growth Fund	21.22	13.70	32.78
JH Calamos Growth Fund	15.80	15.76	<i>n/a</i>
JH Royce Opportunity Fund	17.54	21.94	<i>n/a</i>
JH John Hancock Small Cap Fund	18.42	<i>n/a</i>	<i>n/a</i>
JH Mason Street Aggressive Growth Stock Fund	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Small Cap Index Fund	17.21	17.76	34.83
JH American Century Small Company Fund	25.25	30.71	34.09
JH American Century Vista Fund	21.98	<i>n/a</i>	<i>n/a</i>
JH Scudder Mid Cap Growth Fund	25.78	5.24	22.97
JH Legg Mason Growth Fund	13.40	<i>n/a</i>	<i>n/a</i>
JH Smith Barney Aggressive Growth Fund	18.74	12.95	<i>n/a</i>
JH Energy Fund	59.79	47.90	23.05
JH AIM Constellation Fund	15.90	7.84	21.91
JH Davis Financial Fund	9.46	16.63	28.95
JH Nations Marsico International Opportunities Fund	23.23	<i>n/a</i>	<i>n/a</i>
JH Scudder International Select Fund	25.20	17.99	21.93
JH Templeton Foreign Smaller Companies Fund	23.87	20.21	36.02
International Equity Index Fund	28.15	21.99	21.81
JH American Funds EuroPacific Growth Fund	28.13	19.70	25.10
JH Mason Street International Equity Fund	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>

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JH Templeton Foreign Fund	23.81	15.80	22.53
JH Oppenheimer Global Fund	26.39	19.57	<i>n/a</i>
Quantitative Mid Cap Fund	23.44	19.05	23.53
Mid Cap Index Fund	21.66	16.80	25.89
JH AIM Mid Cap Core Equity Fund	14.24	15.41	22.78
JH Templeton World Fund	24.66	15.57	<i>n/a</i>
JH Jennison Growth Fund	19.24	9.08	20.97
JH American Funds Growth Fund of America	18.86	14.11	26.24
JH John Hancock U.S. Global Leaders Growth Fund	5.73	<i>n/a</i>	<i>n/a</i>
Quantitative All Cap Fund	16.89	16.98	<i>n/a</i>
JH Fidelity Advisor Large Cap Fund	14.32	6.61	18.52
JH Fidelity Contra Fund	21.54	<i>n/a</i>	15.74
JH Excelsior Value & Restructuring Fund	22.48	27.26	31.92
Total Stock Market Index Fund	13.90	13.88	25.27
JH T. Rowe Price Blue Chip Growth Fund	11.08	11.07	25.06
JH Legg Mason Value Fund	14.84	<i>n/a</i>	<i>n/a</i>
JH Mason Street Growth Stock Fund	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
JH MFS Strategic Value Fund	10.89	16.47	27.05

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For the Twelve-Month Period Ended
September 30,

	2005	2004	2003
	(%)	(%)	(%)
JH Merrill Lynch Large Cap Value Fund	26.35	23.65	17.22
JH Domini Social Equity Fund	8.41	10.83	24.43
JH John Hancock Classic Value Fund	14.72	19.81	<i>n/a</i>
JH MFS Utilities Fund	37.31	25.36	33.45
JH Scudder RREEF Real Estate Securities Fund	27.19	23.85	28.86
Small Cap Opportunities Fund	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
JH Munder Small-Cap Value Fund	20.44	31.50	<i>n/a</i>
JH T. Rowe Price Small Cap Value Fund	20.88	<i>n/a</i>	<i>n/a</i>
JH Smith Barney Small Cap Value Fund	17.37	22.35	27.98
JH T. Row Price Mid-Cap Value Fund	14.98	26.32	<i>n/a</i>
Mid Cap Value Fund	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
JH Lord Abbett Mid Cap Value Fund	20.41	23.26	18.55
JH Lord Abbett All Value Fund	14.85	19.14	22.37
JH Mutual Discovery Fund	24.66	19.96	17.32
JH Franklin Balance Sheet Investment Fund	21.55	<i>n/a</i>	18.45
JH Fidelity Advisor Dividend Growth Fund	8.18	6.62	22.52
JH Weitz Partners Value Fund	2.68	17.06	25.41
JH Mutual Beacon Fund	17.37	17.19	17.67
JH Mason Street Index 500 Stock Fund	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
500 Index Fund	11.64	13.07	23.88
JH Davis New York Venture Fund	15.88	18.99	22.77
JH UBS U.S. Large Cap Equity Fund	15.68	<i>n/a</i>	<i>n/a</i>
Quantitative Value Fund	19.41	<i>n/a</i>	<i>n/a</i>
JH American Funds Investment Company of America	11.96	14.47	20.23
JH T. Rowe Price Equity Income Fund	11.67	18.50	20.33
JH American Funds Washington Mutual Investors Fund	8.09	15.96	20.06
JH Mason Street Asset Allocation Fund	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
JH American Funds American Balanced Fund	6.97	11.50	21.59
JH PIMCO All Asset Fund	10.59	12.60	<i>n/a</i>
JH UBS Global Allocation Fund	14.15	13.67	<i>n/a</i>
JH Salomon Brothers High Yield Bond Fund	8.05	12.11	<i>n/a</i>
JH Mason Street High Yield Bond Fund	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
JH John Hancock Strategic Income Fund	8.16	5.69	<i>n/a</i>
JH T. Rowe Price Spectrum Income Fund	5.37	7.95	14.16
JH PIMCO Global Bond Fund	3.37	<i>n/a</i>	<i>n/a</i>
JH PIMCO Total Return Fund	3.29	3.97	6.79
JH Mason Street Select Bond Fund	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
JH PIMCO Real Return Fund	5.29	7.15	6.29
JH Short-Term Federal Fund	0.71	0.80	2.19
Money Market Fund	2.19	0.44	0.58
JH Money Market Fund	2.10	<i>n/a</i>	<i>n/a</i>
JH Morgan Stanley Stable Value Fund	3.85	<i>n/a</i>	<i>n/a</i>
John Hancock USA Guaranteed Interest Accounts	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
JH Lifestyle Fund - Aggressive Portfolio	20.06	16.56	23.69
JH Lifestyle Fund - Growth Portfolio	17.20	14.68	22.35

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JH Lifestyle Fund - Balanced Portfolio	14.52	13.95	20.75
JH Lifestyle Fund - Moderate Portfolio	9.97	10.02	15.90
JH Lifestyle Fund - Conservative Portfolio	6.55	6.96	10.77
JH Russell LifePoints Equity Aggressive Strategy Fund	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
JH Russell LifePoints Aggressive Strategy Fund	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
JH Russell LifePoints Balanced Strategy Fund	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
JH Russell LifePoints Moderate Strategy Fund	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
JH Russell LifePoints Conservative Strategy Fund	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>

Each participant should note that past performance is not necessarily an indicator of future results.

Administration of the 401(k) Plan

Trustees. The trustee is appointed by the board of directors of Citizens Community Federal to serve at its pleasure. Currently, Citizens Community Federal is the trustee for all funds except the Citizens Community Bancorp, Inc. Employer Stock Fund. Citizens Community Federal will also serve as the trustee of the Citizens Community Bancorp, Inc. Employer Stock Fund.

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The trustee receives and holds the contributions to the 401(k) Plan in trust and distributes them to participants and beneficiaries in accordance with the provisions of the 401(k) Plan. The trustee is responsible for following participant direction, effectuating the investment of the assets of the trust in Citizens Community Bancorp, Inc. common stock and the other investment options.

Benefits Under the 401(k) Plan

Plan Benefits. Your 401(k) Plan benefit is based on the value of the vested portion of your 401(k) Plan accounts as of the valuation date next preceding the date of distribution to you.

Vesting. You will always have a fully vested (nonforfeitable) interest in your 401(k) contribution account and rollover account. Your matching contribution account and profit sharing contribution account will vest at a rate of 20 percent for each year of service after you complete 3 years of service (that is, 100 percent vested after seven years of service). If the Plan becomes top-heavy, the vesting schedule for your matching contribution account and profit sharing contribution account will vest at a rate of 20 percent for each year of service after you complete 2 years of service (that is, 100 percent vested after six years of service). Generally, a year of service is a plan year (October 1 to September 30) during which you perform at least 1,000 hours of service for Citizens Community Bancorp, Inc., Citizens Community Federal or an affiliated employer. You also will become 100 percent vested in your matching contribution account and profit sharing contribution account if you are actively employed on your retirement date, death or disability.

Withdrawals and Distributions from the 401(k) Plan

Withdrawals Prior to Termination of Employment. You may receive in-service distributions from the 401(k) Plan once you have attained age 65.

Distribution Upon Retirement or Disability. Upon your retirement or disability, you may elect to receive a lump sum payment or installments from the Plan.

Distribution Upon Death. If you die prior to your benefits being paid from the 401(k) Plan, your benefits will be paid to your surviving spouse or beneficiary either in a lump sum payment or installments from the 401(K) Plan.

Distribution Upon Termination for any Other Reason. If you terminate employment for any reason other than retirement, disability or death and your vested 401(k) Plan account balances exceed \$1,000, the trustee will make your distribution on your normal retirement date, unless you request otherwise. You may elect to receive your vested 401(k) Plan accounts in a lump sum payment or installments. If your vested account balances do not exceed \$1,000, the trustee will generally distribute your benefits to you as soon as administratively practicable in a lump sum following termination of employment.

Form of Distribution. Distributions from the 401(k) Plan will generally be in the form of cash. However, you have the right to request that your distribution from the Citizens Community Bancorp, Inc. Employer Stock Fund be in the form of Citizens Community Bancorp, Inc. common stock. Distributions will be paid in either a lump sum or installments as elected by the participant.

Nonalienation of Benefits. Except with respect to federal income tax withholding and as provided with respect to a qualified domestic relations order, benefits payable under the 401(k) Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any rights to benefits payable under the 401(k) Plan shall be void.

Reports to 401(k) Plan Participants

As soon as practicable after the end of each calendar quarter, the plan administrator will furnish to each participant a statement showing (i) balances in the participant's accounts as of the end of that period, (ii) the amount of contributions allocated to his or her accounts for that period, and (iii) the number of units in each of the funds.

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Participants may also access information regarding their 401(k) Plan Accounts by using internet access made available by John Hancock.

Amendment and Termination

We intend to continue to participate in the 401(k) Plan. Nevertheless, we may amend or terminate the 401(k) Plan at any time. If the 401(k) Plan is terminated in whole or in part, then, regardless of other provisions in the 401(k) Plan, each participant affected by the termination shall become fully vested in all of his or her accounts.

Federal Income Tax Consequences

The following is a brief summary of the material federal income tax aspects of the 401(k) Plan as in effect on the date of this prospectus. You should not rely on this summary as a complete or definitive description of the material federal income tax consequences relating to the 401(k) Plan. Statutory provisions change, as do their interpretations, and their application may vary in individual circumstances. Finally, the consequences under applicable state and local income tax laws may not be the same as under the federal income tax laws. Please consult your tax advisor with respect to any distribution from the 401(k) Plan and transactions involving the plan.

As a "tax-qualified retirement plan," the Internal Revenue Code affords the 401(k) Plan special tax treatment, including:

- a. the sponsoring employer is allowed an immediate tax deduction for the amount contributed to the plan each year;
- b. participants pay no current income tax on amounts contributed by the employer on their behalf; and
- c. earnings of the Plan are tax-deferred, thereby permitting the tax-free accumulation of income and gains on investments.

We will administer the 401(k) Plan to comply with the requirements of the Internal Revenue Code as of the applicable effective date of any change in the law.

Taxation of Distributions. Generally, 401(k) Plan distributions are taxable as ordinary income for federal income tax purposes.

Common Stock Included in a Lump Sum Distribution. If a lump sum distribution includes common stock, the distribution generally will be taxed in the manner described above, except that the total taxable amount will be reduced by the amount of any net unrealized appreciation with respect to the common stock. Net unrealized appreciation is the excess of the value of the common stock at the time of the distribution over its cost or other basis to the 401(k) Plan trust. The tax basis of the common stock for purposes of computing gain or loss on its subsequent sale equals the value of the common stock at the time of distribution less the amount of net unrealized appreciation. Any gain on a subsequent sale or other taxable disposition of the common stock up to the amount of net unrealized appreciation at the time of distribution will be considered long-term capital gain regardless of the holding period of the common stock. Any gain on a subsequent sale or other taxable disposition of the common stock in excess of the amount of net unrealized appreciation at the time of distribution will be considered either short-term or long-term capital gain depending upon the length of the holding period of the common stock. The recipient of a distribution may elect to include the amount of any net unrealized appreciation in the total taxable amount of the distribution to the extent allowed by the regulations issued by the Internal Revenue Service.

Rollovers and Direct Transfers to Another Qualified Plan or to an Individual Retirement Account; Mandatory Tax Withholding. Except as discussed below, you may roll over virtually all distributions from the 401(k) Plan to another tax-favored plan or to a standard individual retirement account without regard to whether the distribution is a lump sum distribution or a partial distribution. You have the right to elect to have the trustee transfer all or any portion of an "eligible rollover distribution" directly to another qualified retirement plan (subject to the provisions of the recipient qualified plan) or to an Individual Retirement Account. If you do not elect to have an "eligible rollover

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distribution" transferred directly to another qualified plan or to an Individual Retirement Account, the distribution will be subject to a mandatory federal withholding tax equal to 20% of the taxable distribution. Your state may also impose tax withholding on your taxable distribution. An "eligible rollover distribution" means any amount distributed from the plan except: (1) a distribution that is (a) one of a series of substantially equal periodic payments (not less frequently than annually) made for your life (or life expectancy) or the joint lives of you and your designated beneficiary, or (b) for a specified period of ten years or more; (2) any amount required to be distributed under the minimum distribution rules; and (3) any other distributions excepted under applicable federal law. If you elect to rollover or directly transfer common stock, you may not take advantage of the favorable net unrealized appreciation that applies to common stock, discussed above.

Ten-Year Averaging Rules. Under a special grandfather rule, if you have completed at least five years of participation in the 401(k) Plan before the taxable year in which the distribution is made, and you turned age 50 by 1986, you may elect to have your lump sum distribution taxed using a "ten-year averaging" rule. The election of the special averaging rule applies only to one lump sum distribution you or your beneficiary receive, provided such amount is received on or after you attain age 59½ and you elect to have any other lump sum distribution from a qualified plan received in the same taxable year taxed under the ten-year averaging rule or receive a lump sum distribution on account of your death.

Additional Tax on Early Distributions. A participant who receives a distribution from the 401(k) Plan prior to attaining age 59½ will be subject to an additional income tax equal to 10% of the amount of the distribution. The 10% additional income tax will not apply, however, in certain cases, including (but not limited) to distributions rolled over or directly transferred into an IRA or another qualified plan, or the distribution is (i) made to a beneficiary (or to the estate of a participant) on or after the death of the participant, (ii) attributable to the participant's being disabled within the meaning of Section 72(m)(7) of the Internal Revenue Code, (iii) part of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the participant or the joint lives (or joint life expectancies) of the participant and his beneficiary, (iv) made to the participant after separation from service under the 401(k) Plan after attainment of age 55, (v) made to pay medical expenses to the extent deductible for federal income tax purposes, (vi) pursuant to a qualified domestic relations order, or (vii) made to effect the distribution of excess contributions or excess deferrals.

This is a brief description of federal income tax aspects of the 401(k) Plan which are of general application under the Internal Revenue Code. It is not intended to be a complete or definitive description of the federal income tax consequences of participating in or receiving distributions from the 401(k) Plan. Accordingly, you are urged to consult a tax advisor concerning the federal, state and local tax consequences that may be particular to you of participating in and receiving distributions from the 401(k) Plan.

ERISA and Other Qualification

As noted above, the 401(k) Plan is subject to certain provisions of ERISA, the primary federal law governing retirement plans, and is intended to be a qualified retirement plan under the Internal Revenue Code.

Restrictions on Resale

Any person receiving shares of Citizens Community Bancorp, Inc. common stock under the 401(k) Plan who is an "affiliate" of Citizens Community Bancorp, Inc. or Citizens Community Federal as the term "affiliate" is used in Rules 144 and 405 under the Securities Act of 1933 (e.g., directors, officers and substantial shareholders of Citizens Community Bancorp, Inc. and Citizens Community Federal) may re-offer or resell such shares only pursuant to a registration statement or, assuming the availability thereof, pursuant to Rule 144 or some other exemption from the registration requirements of the Securities Act of 1933. Any person who may be an "affiliate" of Citizens Community Bancorp, Inc. may wish to consult with counsel before transferring any Citizens Community Bancorp, Inc. common stock owned by him or her. In addition, participants are advised to consult with counsel as to the applicability of Section 16 of the Securities Exchange Act of 1934 which may restrict the sale of Citizens Community Bancorp, Inc. common stock acquired under the 401(k) Plan, or other sales of Citizens Community Bancorp, Inc. common stock.

Securities and Exchange Commission Reporting and Short-Swing Profit Liability

Section 16 of the Exchange Act imposes reports and liability requirements on officers, directors and persons beneficially owning more than 10% of public companies such as Citizens Community Bancorp, Inc.. Section 16(a) of the Exchange Act requires the filing of reports of beneficial ownership. Within ten days of becoming a person subject to the reportin