

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 18, 2010

Commission File No. 1-14588

NORTHEAST BANCORP

(Exact name of Registrant as specified in its Charter)

Maine
(State or other jurisdiction of incorporation)
500 Canal Street
Lewiston, Maine
(Address of principal executive offices)

01-0425066
(IRS Employer Identification Number)

04240
(Zip Code)

Registrant's telephone number, including area code: (207) 786-3245

Former name or former address, if changed since last Report: N/A

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement to communications pursuant to Rule 13e-4(c) under the Exchange Act
-

Item 7.01 Regulation FD

On August 18, 2010, in connection with the proposed merger (“Merger”) of FHB Formation LLC (“FHB”) with and into Northeast Bancorp (“Northeast”), with Northeast surviving (the “Surviving Company”), John C. Orestis and Judith E. Wallingford agreed to serve on the Surviving Company’s board of directors, contingent upon the closing of the Merger.

In addition, on the August 23, 2010, Northeast issued a letter to shareholders discussing Northeast’s results of operations for the quarter and year ended June 30, 2010. The letter is attached hereto as Exhibit 99.1.

Additional Information and Where You Can Find It

In connection with the proposed merger, Northeast filed with the SEC a registration statement on Form S-4 that contains a proxy statement/prospectus dated June 14, 2010. INVESTORS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT NORTHEAST, FHB AND THE PROPOSED TRANSACTION. The proxy statement/prospectus and any other documents filed by Northeast with the SEC may be obtained free of charge at the SEC’s web site at www.sec.gov. In addition, investors may obtain free copies of the documents filed with the SEC by Northeast by contacting Northeast at www.northeastbank.com.

Participants in Solicitation

Northeast and its directors, executive officers and certain other members of its management and employees may, under SEC rules, be deemed to be participants in the solicitation of proxies from Northeast’s shareholders in connection with the transaction. Information regarding the interests of such directors and executive officers (which may be different than those of Northeast’s shareholders generally) is included in Northeast’s proxy statements and Annual Reports on Form 10-K, previously filed with the SEC, and information concerning all of Northeast’s participants in the solicitation will be included in the proxy statement relating to the proposed transaction when it becomes available.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The forward-looking statements contained in this document include statements concerning the proposed transaction. These statements are not guarantees of future performance, involve certain risks, uncertainties and assumptions that are difficult to predict, and are based upon assumptions as to future events that may not prove accurate. Therefore, actual outcomes and results may differ materially from what is expressed herein. For example, if Northeast fails to satisfy other conditions to closing, the transaction may not be consummated. The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: risks associated with uncertainty as to whether the transaction will be completed, costs and potential litigation associated with the transaction, the failure of either party to meet the closing conditions set forth in the merger agreement, the extent and timing of regulatory approvals and the other risk factors discussed from time to time by Northeast in reports filed with the Securities and Exchange Commission. We urge you to carefully consider the risks which are described in Northeast’s Annual Report on Form 10-K for the year ended June 30, 2009 and in Northeast’s other SEC filings. Northeast is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

Item 8.01 Other Events

Tuesday, September 14, 2010 has been set as the deadline for merger consideration elections in connection with the Merger. Completion of the Merger is subject to customary closing conditions, as well as the approval of various regulatory agencies.

Northeast shareholders wishing to make an election regarding the consideration they would like to receive for their Northeast shares must deliver to Registrar and Transfer Company, the exchange agent, properly completed Election Forms and Letters of Transmittal, together with their stock certificates or properly completed notices of guaranteed delivery, by 5:00 P.M., Eastern time, on Tuesday, September 14, 2010, the election deadline. Northeast shareholders may elect cash, shares of Surviving Company common stock or a combination of the two for their Northeast shares. All elections are subject to adjustment to ensure that 40% of the outstanding shares of Northeast common stock will be converted into the right to receive cash, and 60% of the outstanding shares of Northeast common stock will be converted into the right to receive shares of Surviving Company common stock. As a result, a Northeast shareholder may not receive the exact form of consideration elected, and the ability of a Northeast shareholder to receive the form of consideration elected will depend on the elections made by other Northeast shareholders.

Northeast shareholders who do not properly deliver such documentation to Registrar and Transfer Company (at the address specified in the Election Form and Letter of Transmittal) prior to the election deadline will forfeit the right to select the form of consideration they would like to receive. If the Merger is completed, such non-electing shareholders will be allocated cash and/or Surviving Company common stock depending on the elections made by other Northeast shareholders.

Northeast shareholders may obtain additional copies of the Election Form and Letter of Transmittal, copies of which were mailed today to Northeast shareholders, by contacting Registrar and Transfer Company at (800) 368-5948.

The election materials, including the Election Form and Letter of Transmittal, are attached hereto as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Letter to Shareholders
99.2	Election Materials

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, hereunto duly authorized.

NORTHEAST BANCORP

Date: August 23, 2010

By: /s/James D. Delamater
James D. Delamater
President and Chief Executive Officer



**Fourth Quarter and
Fiscal Year End 2010**

Report to Shareholders

Dear Shareholders,

As the coach and leader of Northeast for now close to 30 years, I am pleased to say that we have made progress with our business plan over the past year. Further, with our pending transaction*, I believe we have positioned Northeast to create greater value for our customers, shareholders, employees and the community.

Over this past quarter and fiscal year, Northeast Bancorp saw much activity and exciting new developments. First among these was our announcement in March that Northeast Bancorp reached an agreement to raise over \$16.2 million in new capital through the merger of Northeast and FHB Formation LLC.* We are pleased that a large majority of our outstanding shares – over 75% (and 90% of the shares represented at the special meeting) were voted in favor of the transaction; I believe that it is a very important next step in Northeast's future. Completion of this transaction remains subject to the approval of various regulatory agencies.

In other activities, this year has been especially rewarding as we realized the value of our business plan and the investment in both our technology infrastructure and our risk management culture. Despite the challenges of a tough economy, Northeast has been persevering with solid earnings, balance sheet growth and a strong capital position.

Due to the one-time expenses related to the merger transaction and a non-cash goodwill impairment charge, the Company experienced a drop in earnings for the fourth quarter; however, earnings for the fiscal year ended June 30, 2010 increased by 79% over last fiscal year. We also experienced a 4% increase in total assets. As of the end of the fiscal year, our capital ratios were in excess of regulatory minimums.

We remain committed to the integrity of our balance sheet, and, to that end, we increased our allowance for loan losses to 1.52% of total loans as of June 30, 2010 in response to current market conditions. We believe that the allowance for loan losses at June 30, 2010 is sufficient to cover losses inherent in the loan portfolio on that date and is appropriate based on applicable accounting standards.

In addition to our solid earnings and overall growth for the year, we remain focused on diversifying our lines of business. In fiscal year 2010, we derived over 41% of our revenue from noninterest income sources.

Other highlights this fiscal year included a strong focus on expense management and income generation. In the retail banking division, we opened a new state of the art dialogue branch in Poland, designed to increase interaction and relationships between customers and branch sales people, with the ultimate goal of cross selling or up-selling. We also consolidated two smaller branches, Mechanic Falls and Lewiston, into neighboring branches. Deposit and loan fee income was also a focus as we worked to gain new efficiencies while handling record volumes of loans.

In the area of technology, we launched mobile banking, including a new application for iPhone® users with which customers can safely access their accounts, transfer funds, and search for branches or ATMs using their web-enabled cell phones. With the latest research showing that one in five consumers are using mobile banking, Northeast is committed to providing our customers with the latest in technology and online strategies, along with key social media tools, including Facebook®, Twitter® and YouTube®, where we are starting to see increasing customer interaction.

In the insurance division, we took advantage of the economies of scale made possible by our previous agency acquisitions. We consolidated our Rochester, NH office into the Berwick office and sold both the Rangeley and Mexico offices to local competitors.

For our employees, we completed a company-wide training program reaffirming our commitment to Shared Values®, a tool used to help facilitate open lines of communication throughout the organization. We also provided many new opportunities for training and development and, with the pending transaction; we expect that there will be further growth opportunities for our colleagues.

For our communities, we continue to seek out viable projects where we can make a difference. Most recently, we supported the Birch Hill Affordable Housing project for seniors, which opened this year in collaboration with the City of Lewiston and numerous partners from around the state. Collaboration today is a priority as we continue to focus on the needs of our various communities, whether it is through employee volunteerism, donations, sponsorships or fundraising.

We are pleased and excited with the new direction Northeast proposes to take in the future as we await regulatory approval for the merger and new capital investment.* Rest assured that Northeast will remain focused on delivering value and opportunity for our shareholders. Based on our community banking model, we are ready to move forward, exploring new opportunities for growth and creating new jobs.

The confidence that you have placed in me and the leadership team at Northeast is most appreciated. As always, we encourage you to call or email me at (800) 284-5989 or jdela@northeastbank.com.

Warmest regards,



Jim Delamater
President & CEO

*In connection with the proposed **merger of FHB Formation LLC, a Delaware limited liability company with and into Northeast, with Northeast continuing as the surviving entity**, Northeast has filed with the **United States Securities and Exchange Commission ("SEC")** a registration statement on Form S-4 containing a proxy statement/prospectus, dated June 14, 2010, which has been mailed to Northeast shareholders. Investors and shareholders of Northeast are urged to read the proxy statement/prospectus filed with the SEC because it contains important information about Northeast and the proposed transaction. The proxy statement/prospectus and any other documents filed by Northeast with the SEC may be obtained free of charge at the SEC's website at www.sec.gov. In addition, investors and security holders may obtain free copies of the documents filed with the SEC by Northeast by contacting Northeast at www.northeastbank.com. **This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities.**

Northeast Bancorp & Subsidiary
Consolidated Statement of Financial Condition
As of June 30, 2010 (Unaudited)

ASSETS	<i>(In Thousands)</i>
Cash and due from banks	\$ 7,019
Interest-bearing deposits	13,416
Available-for-sale securities	164,188
Loans and loans held for sale	396,563
Allowance for loan losses	(5,806)
Premises and equipment, net	7,997
FHLB and FRB stock	5,486
Goodwill and intangibles	11,371
Other assets	21,960
TOTAL ASSETS	\$ 622,194
LIABILITIES	
Deposits	\$ 384,197
Structured repurchase agreements	65,000
Short term borrowings	46,168
Advances from the Federal Home Loan Bank	50,500
Junior Subordinated Notes	16,496
Other Liabilities	8,927
TOTAL LIABILITIES	571,288
STOCKHOLDERS' EQUITY	
Preferred stock	4
Common stock	2,324
Warrants	134
Additional paid-in capital	6,759
Retained earnings	37,338
Accumulated other comprehensive income	4,347
TOTAL STOCKHOLDERS' EQUITY	50,906
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 622,194

Consolidated Statement of Income
Twelve months ended June 30, 2010 (Unaudited)

	<i>(In Thousands except for per share data)</i>
Total interest & dividend income	\$ 31,261
Total interest expense	(13,513)
Net interest and dividend income	17,748
Provision for loan losses	(1,864)
Noninterest income	12,147
Noninterest expense	(25,417)
Income before income taxes	2,614
Income tax expense	895
NET INCOME	\$ 1,719
Earnings per common share	
Basic	\$ 0.64
Diluted	\$ 0.63

Northeast Bancorp Officers

James Delamater, *President and CEO*
Pender J. Lazenby, *SVP, Chief Risk Officer*
Robert Johnson, *SVP, Chief Financial Officer*
Marcel Blais, *SVP, Chief Operating Officer*
Craig Linscott, *SVP & Manager,*
Northeast Bank Insurance Group, Inc.
Leslie Couper, *SVP & Manager,*
Northeast Financial Services
Suzanne Carney, *VP, Shareholder Relations*

Board of Directors

Judith W. Kelley, *Chairperson*
John Rosmarin, *Vice Chairperson*
Conrad L. Ayotte
James Day
James D. Delamater
Ronald J. Goguen
Philip C. Jackson
Pender J. Lazenby
John C. Orestis
John Schiavi
Stephen W. Wight

Note: This communication piece contains certain "forward-looking statements." Although the Company believes that these forward-looking statements are based on reasonable estimates and assumptions, they are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors. These statements speak only as of the date of this report, and the Company undertakes no obligation to publicly release the results of any updates or revisions to any of these forward-looking statements to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events. For a more complete discussion of certain risks and uncertainties affecting the Company, please see Form 10-K for the year ended June 30, 2009.

500 Canal Street
Lewiston, ME 04240
1-800-284-5989
www.northeastbank.com

Northeast BANCORP

August 23, 2010

To the Holders of Northeast Bancorp Common Stock:

In connection with the proposed merger (the “**Merger**”) of FHB Formation LLC, a Delaware limited liability company (“**FHB**”), with and into Northeast Bancorp, a Maine corporation (“**Northeast**”), with Northeast continuing as the surviving entity (the “**Surviving Company**”), shareholders of Northeast may elect to receive \$13.93 or one share of Surviving Company common stock for each share of Northeast common stock owned immediately prior to the completion of the Merger, subject to allocation and proration as described in the Agreement and Plan of Merger between Northeast and FHB, dated March 30, 2010 (the “**Merger Agreement**”).

The Merger is subject to the satisfaction of several conditions, including receipt of all requisite regulatory approvals. A complete description of the Merger and the Merger Agreement, including the allocation and proration procedures, is included in the Proxy Statement/Prospectus dated June 14, 2010, which was previously mailed to you in connection with Northeast’s special meeting of shareholders.

Enclosed is an Election Form and Letter of Transmittal (the “**Election Form**”). In order to make your election, you must complete, sign and return the Election Form, with all of your Northeast common stock certificates, to the Exchange Agent, Registrar and Transfer Company. Please use the enclosed envelope to return these materials. Do not send your stock certificates or Election Form to Northeast, the Surviving Company or FHB. Also enclosed is an Election Information Booklet that includes frequently asked questions about the election process.

In order for your election to be effective, the Exchange Agent must receive your properly completed Election Form, together with your Northeast common stock certificates, no later than 5:00 p.m., Eastern time, on Tuesday, September 14, 2010. Please carefully follow the instructions provided in the Election Form. Please note that: (i) you may change or revoke your election at any time prior to the election deadline by following the instructions provided with the Election Form and (ii) after the election deadline and prior to the closing of the Merger, you will not be able to transfer or otherwise have access to your Northeast common stock.

If you do not make your election properly and on time, you will receive cash, shares of Surviving Company common stock or a combination of cash and shares of Surviving Company common stock as determined in accordance with the allocation and proration procedures set forth in the Merger Agreement. Following the completion of the Merger, if you have not surrendered your Northeast common stock certificates, you will not receive any certificates representing shares of Surviving Company common stock (or any dividends declared on such stock) or any cash that may be issuable in exchange for your Northeast common stock. No interest will be accrued and/or paid on the cash payable in exchange for your shares of Northeast common stock or for dividends declared subsequent to the completion of the Merger pending surrender of your stock certificates.

If your shares of Northeast common stock are held through a broker, investment dealer, bank, trust company or other intermediary, you should contact that intermediary as soon as possible for instructions and assistance in delivering your shares of Northeast common stock. If you have any questions regarding the Election Form, please call Registrar and Transfer Company at 800-368-5948.

Sincerely,

/s/James Delamater

James Delamater
President and Chief Executive Officer

500 Canal Street•Lewiston, ME 04240•800-284-5989•

ELECTION INFORMATION BOOKLET

This Election Information Booklet provides answers to frequently asked questions regarding how to make your election for the form of merger consideration you wish to receive in connection with the proposed merger (the “**Merger**”) of FHB Formation LLC, a Delaware limited liability company (“**FHB**”), with and into Northeast Bancorp, a Maine corporation (“**Northeast**”), with Northeast as the surviving entity (the “**Surviving Company**”). Shareholders of Northeast are entitled to receive \$13.93 per share of Northeast common stock or one share of Surviving Company common stock per share of Northeast common stock owned immediately prior to the Merger, subject to allocation and proration as described in the Agreement and Plan of Merger between Northeast and FHB, dated March 30, 2010 (the “**Merger Agreement**”). This booklet does **not** contain all of the information that is important to you, and we urge you to read carefully the instructions in the Election Form and Letter of Transmittal (the “**Election Form**”). After reviewing these materials, please complete the Election Form and send it in the enclosed envelope, along with your Northeast common stock certificate(s) (or a Notice of Guaranteed Delivery if your certificates are not immediately available), to Registrar and Transfer Company (the “Exchange Agent”). If you have additional questions after reading this material, you should contact Registrar and Transfer Company at 800-368-5948.

The deadline for receipt of your Election Form and Northeast common stock certificates (or Notice of Guaranteed Delivery) is 5:00 p.m., Eastern time, on Tuesday, September 14, 2010. We anticipate that the effective date of the Merger will occur during the third quarter of 2010 pending the successful completion of a number of conditions, including the receipt of all requisite regulatory approvals.

FREQUENTLY ASKED QUESTIONS

1. Why have I been sent an Election Form?

Pursuant to the Merger Agreement, you, as a Northeast shareholder, have the opportunity to elect to receive \$13.93 in cash or one share of Surviving Company common stock for each share of Northeast common stock that you own immediately prior to the merger. You also have the option to make no election as to the form of consideration that you receive in exchange for your shares of Northeast common stock, in which case you will be allocated either cash or shares of Surviving Company common stock, or a combination of cash and shares of Surviving Company common stock, depending on the elections made by other Northeast shareholders.

2. What is the Election Form?

The enclosed Election Form does two things. First, it informs us of your preferred form of payment for your shares of Northeast common stock (i.e., cash, shares of Surviving Company common stock or a combination of both). Second, it allows you to surrender your Northeast common stock certificate(s) in order to receive payment for the shares of Northeast common stock you own upon completion of the Merger.

3. How do I use the Election Form?

You should refer to the back page of the Election Form for a complete set of instructions. A summary of the instructions follows:

- Complete, sign and date the Election Form. *(Please note that if your shares are held in a joint account, signatures of both owners are required on the Election Form.)*
- Be sure to include your Northeast common stock certificates, but **do not sign the back of your stock certificates**. If your Northeast common stock certificates are not immediately available, include a Notice of Guaranteed Delivery as described in the answer to Question 9.
- Indicate how you would like to receive payment for your shares of Northeast common stock.
- Mail the completed Election Form to the Exchange Agent in the enclosed envelope. If you are mailing stock certificates, we recommend that you make copies of your stock certificates and completed Election Form. We also recommend sending them by registered mail, return receipt requested, and insured for at least 1.5% of the market value, which is the amount that it commonly costs to replace a lost certificate. **Please do not return any documents directly to Northeast, the Surviving Company or FHB.**

By signing the Election Form, you agree to surrender for exchange your Northeast common stock certificate(s), you confirm that your tax identification number is correctly stated on the Election Form, and you confirm that you have complied with all the requirements as stated in the instructions.

4. What happens if I do not send in the Election Form or if I miss the election deadline?

If you do not respond, or if the Exchange Agent does not receive your Election Form prior to the election deadline, or if your Election Form is not completed properly, you will be deemed to have made "No Election" as to the form of consideration to be received in exchange for your shares of Northeast common stock. As a result, as provided in the Merger Agreement, you will receive either cash, shares of Surviving Company common stock or a combination of cash and shares of Surviving Company common stock as determined in accordance with the allocation and proration procedures set forth in the Merger Agreement. When the Merger is completed, a letter of transmittal will be sent to you requesting you to surrender your Northeast common stock certificates in order to receive the Merger consideration.

5. Am I guaranteed to receive what I ask for on the Election Form?

No. We cannot ensure that all Northeast shareholders will receive their election choices. You may not receive the exact form of consideration that you elect in the Merger. The allocation and proration procedures included in the Merger Agreement are intended to ensure that 40% of the outstanding shares of Northeast common stock will be converted into the right to receive cash, and 60% of the outstanding shares of Northeast common stock will be converted into the right to receive shares of Surviving Company common stock. As a result, the form of consideration you receive will depend in part on the elections of other Northeast shareholders. If the elections of all Northeast shareholders result in an oversubscription of the pool of cash or Surviving Company common stock, you will receive a pro rata amount of cash and Surviving Company common stock in accordance with the proration procedures described in the Proxy Statement/Prospectus dated June 14, 2010, which was previously mailed to you.

If Northeast shareholders elect to receive Surviving Company common stock for more than 60% of the outstanding shares of Northeast common stock, the amount of Surviving Company common stock that each such shareholder would receive from the Surviving Company will be reduced on a pro rata basis.

If Northeast shareholders elect to receive cash in exchange for more than 40% of the outstanding shares of Northeast common stock, the amount of cash that each such shareholder would receive from the Surviving Company will be reduced on a pro rata basis.

If you do not make an election, you will be allocated either cash or shares of Surviving Company common stock, or a combination of cash and shares of Surviving Company common stock, depending on the elections made by other Northeast shareholders.

Neither Northeast nor the Surviving Company is making any recommendations as to whether shareholder should elect to receive cash or Surviving Company common stock in the Merger. Each Northeast shareholder must make his or her own decision with respect to such election.

6. When can I expect to receive my new stock certificates and/or cash?

Assuming that you have made a proper election by the election deadline, we expect that your check and/or Surviving Company common stock certificate(s) will be mailed to you within approximately 10 days after the effective date of the Merger. We currently expect that the Merger will become effective during the third quarter of 2010; however, because the Merger is subject to a number of conditions, we cannot predict the actual timing.

In the event that the Merger Agreement is terminated, the Exchange Agent will promptly return any Northeast common stock certificates previously submitted with the Election Form. In such event, certificates representing Northeast common stock held directly by registered holders will be returned by registered mail. If a shareholder prefers an alternate form of return other than by registered mail, the alternate form of return will be made only at the written direction of the holder of Northeast common stock. It will be made at their expense and risk, and will require a pre-paid, pre-addressed return courier envelope to be sent to the Exchange Agent.

7. What if I cannot locate my Northeast common stock certificate(s)?

If your Northeast common stock certificate(s) has (have) been lost, stolen or destroyed, you should contact the Exchange Agent at 800-368-5948 for further instructions before submitting your election form.

8. What if I hold any of my shares of Northeast common stock with a broker, bank or other nominee?

You should promptly contact your broker, bank or other nominee and follow their instructions as to the procedures for exchanging your shares of Northeast common stock.

9. What if my Northeast common stock certificates are not immediately available or time will not permit my Northeast common stock certificates to be delivered to the Exchange Agent prior to the election deadline?

You may make an election without your Northeast common stock certificates if you submit with your properly completed Election Form the Notice of Guaranteed Delivery included in this package and follow the instructions in that document.

10. If I elect to receive cash and the Merger is completed, how much cash will I receive?

The Surviving Company will pay you \$13.93 in cash for each share of Northeast common stock you own, subject to the allocation and proration procedures described in the Merger Agreement.

11. If I elect to receive shares of Surviving Company common stock and the Merger is completed, how many shares will I receive?

You will receive one share of Surviving Company common stock for each share of Northeast common stock you own, subject to the allocation and proration procedures described in the Merger Agreement, plus cash in lieu of fractional shares you would otherwise receive, as described in the Merger Agreement.

12. If I elect to receive a combination of cash and shares of Surviving Company common stock and the Merger is completed, what will I receive?

You will be asked to state on the Election Form the number of your shares of Northeast common stock that you wish to exchange for shares of Surviving Company common stock. Based on your election, you will receive one share of Surviving Company common stock for each share of Northeast common stock that you designate as a stock election share and \$13.93 per share for the remainder of your shares of Northeast common stock, subject to the allocation and proration procedures described in the Merger Agreement.

13. If I make no election, what will I receive?

You will receive cash, shares of Surviving Company common stock or a combination of both as determined by Surviving Company and the Exchange Agent in accordance with the allocation and proration procedures set forth in the Merger Agreement.

14. Will I have to pay taxes on the proceeds if my shares are exchanged?

You may refer to the discussion of "Material Federal Income Tax Consequences of the Merger" in the Proxy Statement/Prospectus dated June 14, 2010, which was previously mailed to you. Because individual circumstances may differ, you should consult your tax advisor for a complete understanding of the tax effects of the Merger to you, including the application and effect of foreign, state, local or other tax laws.

15. Are there any fees associated with the exchange of my Northeast common stock certificate(s)?

No. There are no fees associated with the exchange, unless you need to replace a missing Northeast common stock certificate.

16. May I continue to trade my shares after I surrender my stock certificate(s)?

No. Once you submit your Northeast common stock certificates with your Election Form, you may no longer trade your shares of Northeast common stock unless you revoke your election before the election deadline.

17. Can I change or revoke my election?

Yes. Your election may be changed or revoked until 5:00 p.m., Eastern time, on Tuesday, September 14, 2010, which is the election deadline. To change or revoke an election, a written notice of revocation must (a) specify the name of the shareholder having made the election to be changed or revoked, (b) be signed by the shareholder in the same manner as the original signature on the Election Form by which such election was made and (c) be received by the Exchange Agent before the election deadline.

If you change or revoke your election, the Exchange Agent will return your Northeast common stock certificate(s) to you. If you want to make a new election, you must return a properly completed Election Form and resubmit your Northeast common stock certificate(s) (or a Notice of Guaranteed Delivery) before the election deadline.

18. Can I elect to have a portion of my shares exchanged under different election options?

You can elect only one option for each registered account (an account with a broker, bank or other nominee) in which you hold shares of Northeast common stock. If you hold Northeast common stock in more than one registered account, you may choose a different election option for each such registered account.

19. How will I know when the Merger is completed?

The Surviving Company will issue a press release announcing completion of the Merger if and when it is completed. You can obtain this information at Northeast's website at www.northeastbank.com or at the Securities and Exchange Commission's website at www.sec.gov or by calling Registrar and Transfer Company at 800-368-5948.

20. Who do I call if I have additional questions?

You may contact Registrar and Transfer Company at 800-368-5948.

ELECTION FORM AND LETTER OF TRANSMITTAL

This Election Form is being delivered in connection with the Agreement and Plan of Merger (the "Merger Agreement") between FHB Formation LLC ("FHB") and Northeast Bancorp whereby FHB will merge with and into Northeast Bancorp, with Northeast Bancorp as the surviving entity (the "surviving corporation").

EXCHANGE AGENT: REGISTRAR AND TRANSFER COMPANY

Mailing Address:
 Registrar and Transfer Company
 Attn: Reorg/Exchange Dept.
 P.O. Box 645
 Cranford, New Jersey 07016-0645

To be effective, this Election Form must be received by the Exchange Agent no later than 5:00 p.m. EST on Tuesday, Registrar and Transfer Company September 14, 2010 together with the stock certificate(s) representing such shares of Northeast Bancorp common stock or a Notice of Guaranteed Delivery. Please read the instructions carefully before completing this form.
For assistance: (800) 3685948

By Hand:
 Registrar and Transfer Company
 Attn: Reorg/Exchange Dept.
 10 Commerce Drive
 Cranford, New Jersey 07016

DESCRIPTION OF CERTIFICATES SURRENDERED		
Certificate(s) Enclosed (Attach List if necessary)		
(See Instructions) Name(s) and Address of Registered Holder(s)	Certificate Number(s)	Total Number of Shares Represented by Certificate(s)
TOTAL SHARES		

You MUST submit ALL of your original Northeast Bancorp common stock certificates in order to complete the exchange process. If you cannot locate your original stock certificate(s), please check the box below, complete the Affidavit for Lost Stock Certificate(s), and carefully follow the instructions on the reverse of this Letter of Transmittal.

Check the box to the left if you have lost any of your Northeast Bancorp common stock certificates and complete the Affidavit For Lost Stock Certificates on the reverse side (See Instruction B(5)).

ELECTION OPTIONS (MARK ONLY ONE BOX) EXPIRATION 5:00 P.M. EASTERN TIME ON TUESDAY, SEPTEMBER 14, 2010
 (See Instruction A(3))

- ALL STOCK ELECTION: Exchange all shares of Northeast Bancorp common stock for shares of surviving corporation common stock plus cash in lieu of any fractional shares ("Stock Election").
- ALL CASH ELECTION: Exchange all shares of Northeast Bancorp common stock for cash (\$13.93 per share) ("Cash Election").
- COMBINATION STOCK/CASH ELECTION: Exchange _____ shares of Northeast Bancorp common stock for surviving corporation common stock and the remainder in cash ("Combination Election"). (Please write in the blank the number of shares of Northeast Bancorp common stock you would like to exchange for surviving corporation common stock.)
- NO ELECTION: No preference with respect to the receipt of either surviving corporation common stock or cash.

IMPORTANT: IF YOU DO NOT SELECT AN OPTION OR SELECT MORE THAN ONE, IT WILL BE ASSUMED THAT AS TO THESE SHARES YOU HAVE NO PREFERENCE AND THE SHARES SHALL BE DESIGNATED NO ELECTION SHARES. IN ADDITION, YOUR ELECTION IS SUBJECT TO CERTAIN LIMITS AND ALLOCATION PROCEDURES SET FORTH IN THE MERGER AGREEMENT.

This election is subject to the terms, conditions and limitations set forth in the Merger Agreement and this Election Form. The surviving corporation cannot ensure that all Northeast Bancorp shareholders will receive their election choices. Any adjustments to the elections will be made in accordance with the allocation and proration procedures set forth in the Merger Agreement that is attached as Appendix A to the Proxy Statement/Prospectus mailed to Northeast Bancorp shareholders on June 18, 2010.

The undersigned represents and warrants that the undersigned has full power and authority to submit, sell, assign and transfer the above described shares of Northeast Bancorp common stock and that when accepted for exchange by the surviving corporation, the surviving corporation will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances. The undersigned irrevocably constitutes and appoints the Exchange Agent as the true and lawful agent and attorneyin fact of the undersigned with full power of substitution to exchange certificates formerly representing shares of Northeast Bancorp common stock together with accompanying evidence of transfer and authenticity, for certificates representing shares of surviving corporation common stock or cash, as set forth under "E lection Options" and as provided in the Merger Agreement. Delivery of the enclosed certificate(s) shall be effected, and the risk of loss and title to such certificate(s) shall pass, only upon proper delivery thereof to the Exchange Agent. All authority herein conferred shall survive the death or incapacity of, and any obligation of the undersigned hereunder shall be binding on the heirs, personal representatives, successors and assigns of, the undersigned.

SPECIAL PAYMENT AND/OR ISSUANCE INSTRUCTIONS (See Instructions B1 and 2)
To be completed ONLY if (i) the New Certificate to be issued and/or (ii) the check in exchange for the Certificate(s) surrendered herewith are to be issued in the name of someone other than the undersigned. The taxpayer identification number of the new owner must be provided. (See Instruction 7)
Issue and deliver New Certificate and/or check to:
Name: _____ (Please Print First, Middle & Last Name)
Address: _____ _____ _____ (including Zip Code)
Dated _____ _____

SPECIAL DELIVERY INSTRUCTIONS (See Instruction B4)
Complete ONLY if the New Certificate and/or the check, as applicable, is to be delivered to someone other than the undersigned or to the undersigned at an address other than that shown under the undersigned's name at the top of the letter.
Mail New Certificate and/or check to:
Name: _____ (Please Print First, Middle & Last Name)
Address: _____ _____ _____ (including Zip Code)
Dated _____ _____

IMPORTANT – THE BOX BELOW MUST BE SIGNED AND DATED AND THE SUBSTITUTE FORM W9 ON THE REVERSE SIDE MUST BE COMPLETED WITH SIGNATURE AND TAX ID NUMBER

**IMPORTANT
SHAREHOLDER SIGN HERE
(Also Complete Substitute Form W9)**

X _____

X _____

Must be signed by registered holder(s) exactly as name(s) appear on stock certificate(s). If signature is by attorney, executor, administrator, trustee or guardian, agent or other person acting in a fiduciary or representative capacity, please set forth full title. See Instruction B1.

Dated _____

Name(s): _____
(Please Print)

Capacity: _____

Area Code and Telephone No _____

MEDALLION SIGNATURE GUARANTEE

Required only if Special Payment and/or Issuance Instructions are provided.
(See Instruction B2)

The signature(s) should be guaranteed by an Eligible Financial Institution or a member of a registered National Securities Exchange or the FINRA pursuant to Securities and Exchange Commission Rule 17Ad15.

INSTRUCTIONS

A. Special Conditions

- 1 Time in which to Make an Election.** To be effective, a properly completed Election Form accompanied by the stock certificate(s) representing all of the holder's shares of Northeast Bancorp common stock or a Notice of Guaranteed Delivery must be received by Registrar and Transfer Company, the Exchange Agent, not later than 5:00 p.m., EST on Tuesday, September 14, 2010 ("Election Deadline"). Holders of Northeast Bancorp common stock whose Election Form and certificate(s) are not so received or who revoke their Election Form will be considered a NonElecting Shareholder. See Instruction A(7) below. The method of delivery of all documents is at the option and risk of the Northeast Bancorp shareholder, but if sent by mail, registered mail, properly insured, with return receipt requested, is recommended.
- 2 Description of Certificates.** Insert in the box at the top of the Election Form marked "Description of Certificates Surrendered" the certificate number(s) of the Northeast Bancorp common stock certificate(s) that you are surrendering herewith, the number of shares represented by each certificate, and the name(s) and address(es) of the registered owners of such certificates. If the space provided is insufficient, attach a separate sheet listing this information.
- 3 Election Options.** In the box marked "Election Options," indicate whether you would like to receive, in exchange for your shares of Northeast Bancorp common stock, only shares of surviving corporation common stock, only cash, a combination of shares of surviving corporation common stock and cash or "No Election". Mark only one selection in this box. The Merger Agreement limits the amount of cash and the amount of surviving corporation common stock that can be issued in the Merger, and it thus may not be possible for all elections to be honored in full. To find out more about these limits and the allocation method that will be used, please see "The Merger – Merger Consideration," "– Election Procedures," "– Allocation Procedures," and "– Exchange of Northeast Stock Certificates for Surviving Corporation Stock Certificates" on pages 125-130 of the Prospectus/Proxy Statement.
- 4 Change or Revocation of Election.** A holder of shares of Northeast Bancorp common stock who has made an election may at any time prior to the Election Deadline change such election by submitting to the Exchange Agent a revised Election Form, properly completed and signed, that is received by the Exchange Agent prior to the Election Deadline.
- 5 Joint Forms of Election.** Holders of shares of Northeast Bancorp common stock who make a joint election will be considered to be a single holder of such shares. Joint Election Forms and Letters of Transmittal may be submitted only by persons submitting certificates registered in different forms of the same name (e.g. "John Smith" on one certificate and "J. Smith" on another) and by persons who may be considered to own each other's shares by reason of the ownership attribution rules contained in Section 318(a) of the Internal Revenue Code of 1986, as amended. If this Election Form is submitted as a joint Election Form, each record holder of shares of Northeast Bancorp common stock covered hereby must properly sign this Election Form in accordance with Instruction B(1), attaching additional sheets if necessary. The signatures of such holders will be deemed to constitute a certification that the persons submitting a joint Election Form are eligible to do so.
- 6 Forms of Election Nominees.** Any record holder of shares of Northeast Bancorp common stock who is a nominee may submit one or more Election Forms and Letters of Transmittal, indicating on the form or forms a combination of Elections covering up to the aggregate number of shares of Northeast Bancorp common stock owned by such record holder. However, upon the request of the surviving corporation such record holders will be required to certify to the satisfaction of the surviving corporation that such record holder holds such shares of Northeast Bancorp common stock as nominee for the beneficial owners of such shares. Each beneficial owner for whom such an Election Form is so submitted will be treated as a separate holder of common stock for purposes of allocating surviving corporation common stock and cash payments to be issued upon consummation of the Merger.
- 7 Shares as to Which No Election is Made.** Holders of shares of Northeast Bancorp common stock who mark the "No Election" box on this Election Form, or who fail to submit a properly completed Election Form together with certificate(s) representing their shares of Northeast Bancorp common stock by the Election Deadline, or who revoke their previously submitted Election Form and fail to submit a properly completed Election Form together with certificate(s) representing their shares of Northeast Bancorp common stock ("NonElecting Shareholder"), shall have their shares of Northeast Bancorp common stock converted into the right to receive a cash payment of \$13.93 or one share of surviving corporation common stock, subject to adjustment, for each share they own in accordance with the allocation and proration provisions set forth in the Merger Agreement. In addition, a holder who does not tender an Election for all of his or her shares will be deemed to be a NonElecting Shareholder with respect to those shares not tendered.

B. General.

- 1 Signatures.** The signature (or signatures, in this case of certificates owned by two or more joint holders of certificates for which a joint Election Form is submitted) on the Election Form should correspond exactly with the name(s) as written on the face of the certificate(s) unless the shares of Northeast Bancorp common stock described on this Election Form have been assigned by the registered holder(s), in which event this Election Form should be signed in exactly the same form as the name of the last transferee indicated on the transfer attached to or endorsed on the certificate(s). If this Election Form is signed by a person other than the registered owner of the certificate(s) listed, the certificate(s) must be endorsed or accompanied by appropriate stock power(s), in either case signed by the registered owner(s) in the name(s) that appear on the certificate(s), and the signature(s) appearing on such endorsement(s) or stock power(s) and on this Election Form must be guaranteed by an eligible financial institution or broker who is a member/participant in a Medallion Program approved by the Securities Transfer Association, Inc. If this Election Form is signed by a trustee, executor, administrator, guardian, officer of a corporation, attorney in fact or by any others acting in a representative or fiduciary capacity, the person signing, unless he or she is the registered owner, must give such person's full title in such capacity, and appropriate evidence of authority to act in such capacity must be forwarded to the Exchange Agent with this Election Form. The certificate(s) may be surrendered by a firm acting as agent for the registered holder(s) if such firm is a member of a registered National Securities Exchange or of the FINRA or is a commercial bank or trust company in the United States.
- 2 Special Payment and/or Issuance Instructions.** If checks or certificates representing surviving corporation common stock are to be payable to the order of or registered in other than exactly the name(s) that appear(s) on the certificate(s) representing shares of Northeast Bancorp common stock being submitted herewith, the certificate(s) submitted herewith must be accompanied by appropriate signed stock power(s), and the signature(s) appearing on such stock power(s) and on this Election Form must be guaranteed by an Eligible Financial Institution or broker who is a member/participant in a Medallion Program approved by the Securities Transfer Association, Inc. Please also check the appropriate box in "Special Payment Instructions" on the Election Form.
- 3 Stock Transfer Taxes.** It will be a condition to the issuance of any check or certificate representing shares of surviving corporation common stock in any name(s) other than the name(s) in which the surrendered certificate(s) for shares of Northeast Bancorp common stock is (are) registered that the person(s) requesting the issuance of such check or certificate representing shares of surviving corporation common stock either pay to the Exchange Agent any transfer or other taxes required by reason of such issuance, or establish to the satisfaction of the Exchange Agent that such tax has been paid or is not applicable.
- 4 Special Delivery Instructions.** If checks or certificates representing shares of surviving corporation common stock are to be delivered to someone other than the registered holder(s), or to the registered holder(s) at an address other than that appearing above, please check the appropriate box in "Special Delivery Instructions" and insert the appropriate address in the space provided on this Election Form.
- 5 Lost Certificate.** If your certificate(s) representing shares of Northeast Bancorp common stock has (have) been lost, stolen or destroyed, you should check the box on the face of the Election Form indicating that the certificate(s) is lost, complete the rest of the form, including the Affidavit For Lost Stock Certificate(s) below and return it to the Exchange Agent, along with a check payable to Travelers Casualty & Surety Company of America in the amount of 1.5% of the market value of the lost certificate(s) and with any certificate(s) of Northeast Bancorp common stock in your possession (bond premium calculation: current market value x number of shares lost, stolen or destroyed x 1.5% = bond premium). If your bond premium exceeds \$3,750.00 you must contact Registrar and Transfer Company (800) 3685948 immediately. The Election Form and related documents cannot be processed until the lost, stolen or destroyed certificate(s) has (have) been replaced. If all the necessary documents are not returned prior to the Election Deadline, your Election will be deemed a "No Election".

AFFIDAVIT FOR LOST STOCK CERTIFICATE(S)

The undersigned hereby attests and certifies the following: That I am the lawful owner of the certificate(s) listed on this letter of transmittal as lost. That a search for the certificate(s) has been conducted and that these certificate(s) cannot be located. That these certificate(s) have not been endorsed, hypothecated, sold or had their ownership pledged or encumbered in any form, whatsoever.

In requesting the replacement of this certificate(s), I hereby agree that: If these certificate(s) are subsequently located, they will be tendered for cancellation. That I indemnify, protect and hold harmless the surviving corporation, Travelers Casualty & Surety Company of America, and Registrar and Transfer Company, and any other party from and against all losses, expenses, costs and damages including legal fees that may be subjected to these parties at any time in the future as a result of the cancellation and replacement of the certificate(s). All rights accruing to these parties will not be limited by their negligence, breach of duty, accident, or other obligation on the part of or by any officer or employee of the parties.

I acknowledge that the certificate(s) will be replaced under an insurance bond underwritten by Travelers Casualty & Surety Company of America. My check, payable to the Travelers Casualty & Surety Company of America, to cover the premium of 1.5% of the market value of the stock (minimum \$25.00), is enclosed. I further acknowledge that any filing of an insurance application with materially false or misleading information is a fraudulent insurance act and may be considered a crime.

Note: If your bond premium exceeds \$3,750.00 you must contact Registrar and Transfer Company (800)3685948 immediately.

Sign Here: _____

CoOwner, if any: _____ Date: _____, 20_____

6. Determination of Questions. All questions with respect to this Election Form and Elections made by holders of shares of Northeast Bancorp common stock (including, without limitation, questions relating to the time limits or effectiveness or revocation of any Elections and questions relating to computations as to allocations) will be determined by the surviving corporation and/or the Exchange Agent, whose determination shall be conclusive and binding. The surviving corporation shall have the absolute right to reject any and all Election Forms and Letters of Transmittal not in proper form or to waive any irregularities in any such form, although it does not represent that it will do so. The surviving corporation and/or the Exchange Agent may, but are not required to, take reasonable action to inform holders of Northeast Bancorp common stock of any defects and may take reasonable action to assist such holders to correct any such defects; however, neither the surviving corporation nor the Exchange Agent is under any obligation to notify a holder of shares of surviving corporation common stock of any defect in an Election Form.

7. Important Tax Information: Substitute Form W9. Each surrendering shareholder is required to provide Registrar and Transfer Company with such holder's correct Taxpayer Identification Number ("TIN") on the Substitute Form W9 below and to certify whether the shareholder is subject to backup withholding. Failure to provide such information on the form, may subject the surrendering shareholder to federal income tax withholding at the applicable withholding rate on payments made to such surrendering shareholder with respect to the shares. If such holder is an individual, the TIN is his or her Social Security number. A holder must cross out item (2) in Part 2 of Substitute Form W9 if such holder is subject to backup withholding.

Certain holders, (including, among others, all corporations and certain foreign individuals) are exempt from these backup withholding and reporting requirements. Exempt holders should indicate their exempt status by checking the box in the Substitute Form W9 below. In order for a foreign individual to qualify as an exempt recipient, such individual must submit a statement, signed under penalties of perjury, attesting to such individual's exempt status. Forms of such statements may be obtained from Registrar and Transfer Company. If backup withholding applies, Registrar and Transfer Company is required to withhold tax at the applicable rate of any payments made to the holder or other payee. Backup withholding is not an additional tax. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

8. Inquiries. All inquiries with respect to the surrender of certificates of Northeast Bancorp common stock should be made directly to the Exchange Agent, **Registrar and Transfer Company, at 8003685948, or via email to info@rtco.com.**

PAYER'S NAME: NORTHEAST BANCORP

SUBSTITUTE Form W9 (Rev. October 2007) Department of the Treasury Internal Revenue Service Request for Taxpayer Identification Number and Certification Please fill in your name and address below.

Part 1 — Taxpayer Identification Number (TIN) Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions in the Guidelines. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN in the Guidelines. **Note.** If the account is in more than one name, see the chart in the Guidelines for guidelines on whose number to enter.

_____ Social Security Number(s)
OR
 _____ Employer Identification Number(s)

_____ Name
 (as shown on your income tax return)

 Business name, if different from above

Check appropriate box:
 Individual/Sole proprietor
 Partnership
 Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) _____
 Exempt payee
 Corporation
 Other _____ (see instructions)

Part 2 — Certification — Under penalties of perjury, I certify that:
 (1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
 (2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
 (3) I am a U.S. citizen or other U.S. person (defined below).

_____ Address (number, street, and apt. or suite no.)
 _____ City,
 _____ State and ZIP Code

Certification Instructions — You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN.

Sign Here

_____ List
 _____ account number(s) here (optional)

Signature of U.S. person _____ DATE _____, 20____

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING AT THE APPLICABLE WITHHOLDING RATE OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE MERGER. PLEASE REVIEW INSTRUCTION B(7) FOR ADDITIONAL INFORMATION.