

NORTHEAST BANCORP /ME/  
Form S-4/A  
June 15, 2010  
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As filed with the Securities and Exchange Commission on June 15, 2010

File No. 333-167295

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

AMENDMENT NO. 1

TO

**FORM S-4**

**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

**NORTHEAST BANCORP**

(Exact name of registrant as specified in its charter)

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(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number) 500 Canal Street  Lewiston, Maine 04240  (207) 786-3245	(IRS Employer Identification Number)
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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**James D. Delamater**  
  
500 Canal Street  
  
Lewiston, Maine 04240  
  
(207) 786-3245

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

*Copies to:*

<b>Paul G. Mattaini</b>	<b>William P. Mayer</b>
<b>Kimberly J. Decker</b>	<b>James A. Matarese</b>
<b>Barley Snyder, LLC</b>	<b>Goodwin Procter LLP</b>
<b>126 East King Street</b>	<b>53 State Street</b>
<b>Lancaster, PA 17602</b>	<b>Boston, MA</b>
<b>(717) 299-5201</b>	<b>(617) 570-1000</b>

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: "

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If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the Securities Act ), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer "

Accelerated filer "

Non-accelerated filer "

Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) "

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) "

**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 that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**NORTHEAST BANCORP**

**500 Canal Street**

**Lewiston, Maine**

**Nasdaq Global Market: NBN**

**PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT**

June 18, 2010

Dear Northeast Bancorp Shareholders:

You are cordially invited to attend a special meeting of the shareholders of Northeast Bancorp, a Maine corporation ( Northeast ), which will be held at Northeast Bancorp Headquarters Building, 500 Canal Street, Lewiston, ME 04240, on Tuesday, July 27, 2010, at 11:00 a.m., local time. At the meeting, you will be asked to approve: (i) the Agreement and Plan of Merger, dated as of March 30, 2010, by and between FHB Formation LLC, a Delaware limited liability company ( FHB ), and Northeast, pursuant to which FHB will merge with and into Northeast, with Northeast as the surviving entity of such merger (the surviving corporation ); and (ii) the Northeast Bancorp 2010 Stock Option and Incentive Plan adopted by Northeast s board of directors, each as more fully described in the enclosed proxy statement/prospectus.

If the merger is completed, you will have the right to elect to receive \$13.93 in cash (the Cash Consideration ) or one share of common stock, par value \$1.00 per share, of the surviving corporation (the Stock Consideration ), for each share of Northeast common stock owned immediately prior to completion of the merger, subject to allocation and proration procedures which provide that, in the aggregate, 1,393,399 shares of Northeast common stock will be converted into the Stock Consideration, and the remaining shares will be converted into the Cash Consideration. If the merger is approved by the shareholders, Northeast will adopt the Northeast Bancorp 2010 Stock Option and Incentive Plan in order to provide Northeast with an appropriate means to incentivize and align the interests of Northeast s employees, officers, non-employee directors and other key persons with the interests of shareholders.

Northeast s board of directors has unanimously approved the merger agreement and recommends that you vote **FOR** the proposal to approve the merger agreement, **FOR** the approval of the Northeast Bancorp 2010 Stock Option and Incentive Plan, and **FOR** the approval of the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies. **Please note that the proposal to approve the merger and the proposal to approve the Northeast Bancorp 2010 Stock Option and Incentive Plan are dependent upon one another, and the merger will not be completed unless both proposals are approved by the requisite vote of Northeast shareholders as described below. Accordingly, you should be aware that a vote AGAINST either such item is effectively a vote against the completion of the merger.**

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**YOUR VOTE IS VERY IMPORTANT**

Your vote is very important, regardless of the number of shares of common stock that you own. To complete the merger, holders of a majority of the outstanding shares of Northeast common stock entitled to vote must approve the merger agreement. If you do not vote on the merger agreement, it will have the same effect as a vote by you against the approval of the merger agreement. Adoption of the Northeast Bancorp 2010 Stock Option and Incentive Plan requires approval of a majority of the votes present and entitled to vote at the special meeting. ***Whether or not you expect to attend the special meeting, please vote as soon as possible to ensure that your shares are represented at the meeting.*** You may vote your shares by marking your votes on the proxy card, signing and dating it and mailing it with the envelope provided, or by submitting your proxy through the internet or by telephone. If you sign and return your proxy card without specifying your choice, it will be understood that you wish to have your shares voted **FOR** the approval of the merger agreement, **FOR** the approval of the Northeast Bancorp 2010 Stock Option and Incentive Plan, and **FOR** the approval of the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies and in the discretion of the individuals named as proxies in any other matter that may come before the special meeting.

The enclosed proxy statement/prospectus provides you with detailed information about the merger. In addition to being a proxy statement of Northeast, this document is also the prospectus of Northeast for the surviving corporation common shares that will be issued to Northeast shareholders in connection with the merger. A copy of the merger agreement is attached as Appendix A to the proxy statement/prospectus. Northeast encourages you to read the entire document carefully. ***Please pay particular attention to Risk Factors beginning on page 93.***

Sincerely,

James D. Delamater

President and Chief Executive Officer

**Neither the Securities and Exchange Commission (the SEC ) nor any state securities commission has approved or disapproved the securities to be issued in the merger or determined if this document is accurate or adequate. Any representation to the contrary is a criminal offense. The securities to be issued in the merger are not savings or deposit accounts and are not insured by the Federal Deposit Insurance Corporation ( FDIC ) or any other governmental agency.**

This proxy statement/prospectus is dated June 14, 2010, and is first being mailed to Northeast shareholders on or about June 18, 2010.

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NORTHEAST BANCORP

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JULY 27, 2010

To the Shareholders of

Northeast Bancorp:

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Northeast Bancorp, a Maine corporation ( Northeast ), will be held at Northeast Bancorp Headquarters Building, 500 Canal Street, Lewiston, ME 04240, on Tuesday, July 27, 2010 at 11:00 a.m., local time, for the purpose of considering and voting upon the following matters:

To approve the Agreement and Plan of Merger, dated March 30, 2010, by and between FHB Formation LLC, a Delaware limited liability company ( FHB ), and Northeast pursuant to which FHB will merge with and into Northeast, with Northeast as the surviving entity of such merger, as more fully described in the attached proxy statement/prospectus.

To approve the Northeast Bancorp 2010 Stock Option and Incentive Plan (the 2010 Plan ) adopted by Northeast s board of directors and described in the attached proxy statement/prospectus.

To adjourn or postpone the special meeting, if necessary, to solicit additional proxies in favor of the merger.

To transact such other business as may properly come before the special meeting and any adjournments or postponements thereof. Northeast has fixed the close of business on June 14, 2010 as the record date for the special meeting. Only Northeast shareholders of record at the close of business on that date are entitled to notice of and to vote at the special meeting and any adjournments or postponements of the special meeting.

The affirmative vote of holders of at least a majority of the shares of Northeast stock outstanding and entitled to vote at the special meeting is required to approve the merger agreement. The affirmative vote of at least a majority of the shares present and entitled to vote at the special meeting is required to approve the 2010 Plan.

Abstentions and broker non-votes will have the same effect as a vote against the merger agreement.

Your vote is very important. Whether or not you expect to attend the special meeting of shareholders, please vote as soon as possible to ensure that your shares are represented at the meeting. Whether or not you plan to attend the special meeting of shareholders, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying reply envelope or submit your proxy through the internet or by telephone. If you attend the special meeting and vote in person by ballot, your vote by ballot will revoke any proxy previously submitted.

If you attend the special meeting, you may revoke your proxy and vote in person, even if you have previously returned your proxy card. If your shares are held by a bank, broker, or other custodian, and you plan to attend the special meeting, please bring to the special meeting your statement evidencing your beneficial ownership of Northeast common stock. Please carefully review the instructions in the enclosed proxy statement/prospectus and the enclosed proxy card or the information forwarded by your bank, broker or other custodian regarding each of these options.

Northeast s board of directors has unanimously approved the merger agreement and recommends that you vote **FOR** the approval of the merger agreement, **FOR** the approval of the 2010 Plan, and **FOR** the approval of the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies. **Please note that the proposal to approve the merger and the proposal to approve the 2010 Plan are dependent**

**upon one another, and the merger will not be completed unless both proposals are approved by the requisite vote of Northeast shareholders as described above. Accordingly, you should be aware that a vote AGAINST either such item is effectively a vote against the completion of the merger.**

Sincerely,

James D. Delamater

President and Chief Executive Officer

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**ADDITIONAL INFORMATION**

If you have questions about the merger or the special meeting, need additional copies of this document or wish to obtain proxy cards or other information related to this proxy solicitation, or need assistance in voting your shares, please contact:

D.F. King & Co., Inc.

48 Wall Street

New York, NY 10005

(800) 487-4870 (Toll-Free)

Banks and Brokerage Firms call:

(212) 269-5550



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Appendix B Opinion (addressed to Northeast's Board of Directors) of Keefe, Bruyette & Woods, Inc.

Appendix C Northeast Bancorp 2010 Stock Option and Incentive Plan



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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING**

**Q: Why am I receiving this document?**

A: Northeast and FHB have entered into a merger agreement that is described in this document. A copy of the merger agreement is attached to this proxy statement/prospectus as Appendix A. In order to complete the merger, the shareholders of Northeast must vote to approve the merger agreement and the Northeast Bancorp 2010 Stock Option and Incentive Plan. Northeast will hold a special meeting of its shareholders to obtain this approval. This document contains important information about the merger, the merger agreement, the Northeast Bancorp 2010 Stock Option and Incentive Plan, the special meeting of Northeast shareholders and other related matters, and you should read it carefully. This document is a proxy statement because the Northeast board of directors is soliciting proxies from its shareholders to vote on the approval of the merger agreement and the Northeast Bancorp 2010 Stock Option and Incentive Plan as well as the other matters set forth in the notice of the meeting and described in this proxy statement/prospectus, and your proxy will be used at the meeting or at any adjournment or postponement of the meeting. This document is a prospectus because Northeast will issue shares of registered common stock to Northeast shareholders electing to receive shares of common stock in the merger. The enclosed voting materials allow you to vote your shares of Northeast common stock without attending the special meeting.

**Q: What will happen in the merger?**

A: In the proposed merger, FHB will merge with and into Northeast, with Northeast as the surviving corporation. FHB was formed as a Delaware limited liability company in March 2009 in order to raise third-party capital to be invested in a financial institution. Richard Wayne, Claire Bean and Heather Campion are FHB's sole members and officers. In connection with the merger, FHB has secured equity commitments from certain accredited investors to fund, at the closing of the merger, a portion of (i) the cash consideration of \$12,940,037 to be paid to the existing shareholders of Northeast in exchange for their existing shares of Northeast common stock, (ii) a capital contribution to Northeast of \$16,175,042 in exchange for newly issued shares of common stock of the surviving corporation, and (iii) fees and expenses incurred by FHB relating to the merger of up to \$1,000,000 that will not be paid by Northeast. Upon the closing of the merger, each investor in FHB will receive membership interests in FHB that immediately thereafter will be converted into the right to receive 0.96679 shares of common stock of the surviving corporation in exchange for each unit of FHB held by that investor. After giving effect to the merger, including the capital contribution by FHB, current Northeast shareholders will hold, in the aggregate, 40% of the surviving corporation's common stock. The FHB investors will hold, in the aggregate, 60% of the surviving corporation's common stock.

**Q: What will I receive in the merger?**

A: In exchange for a share of Northeast common stock, you will have the right to receive either \$13.93 in cash or one share of common stock, par value \$1.00 per share, of the surviving corporation. You may elect to receive cash, surviving corporation common stock or some combination of cash and surviving corporation common stock.

**Q: Will I receive the form of consideration I elect?**

A: You may not receive the exact form of consideration that you elect in the merger. The allocation procedures included in the merger agreement are intended to ensure that 40% of the outstanding shares of Northeast common stock immediately prior to the effective time of the merger will be converted into the right to receive cash, and 60% of these shares of Northeast common stock will be converted into the right to receive shares of surviving corporation 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 corporation common stock, you will receive a



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pro rata amount of cash and surviving corporation common stock in accordance with the proration procedures described in the section in this document titled "The Merger Agreement - Allocation Procedures" beginning on page 127.

**Q: Am I required to make an election for cash, surviving corporation common stock or a combination of cash and surviving corporation common stock?**

A: No. If you do not make an election, you will be allocated cash and/or surviving corporation common stock depending on the elections made by other shareholders so that, in total, 40% of the outstanding shares of Northeast common stock will be exchanged for cash, and 60% of the outstanding shares of Northeast common stock will be exchanged for shares of surviving corporation common stock.

**Q: Can I receive fractional shares of surviving corporation common stock for my shares of Northeast common stock?**

A: No. Northeast will not issue any fractional shares of surviving corporation common stock in the merger. Instead, Northeast will pay Northeast shareholders the cash value of a fractional share based on the average per share closing price of Northeast's common stock on the NASDAQ Stock Market over the three trading days ending two days preceding the closing date of the merger.

**Q: How do I elect the form of consideration I wish to receive?**

A: An election form and instruction materials will be mailed to you separately. The election materials will specify the manner in which they are to be completed, where they should be returned and the deadline for submitting the election materials.

**Q: What are the material federal income tax consequences of the merger to Northeast shareholders?**

A: The tax consequences of receiving cash will differ from the tax consequences of receiving surviving corporation common stock. We strongly urge you to read the tax section in this document titled "Material Federal Income Tax Consequences of the Merger" beginning on page 120 and consult your own tax advisor for a full understanding of the tax consequences of the merger to you.

**Q: What are the conditions to completion of the merger?**

A: The obligations of Northeast and FHB to complete the merger are subject to the satisfaction or waiver of certain closing conditions contained in the merger agreement, including the receipt of required regulatory approvals and the approval of the merger agreement by Northeast shareholders.

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

A: We will complete the merger when all of the conditions to completion contained in the merger agreement are satisfied or waived, including obtaining the approval of the merger agreement by Northeast shareholders at a special meeting. Fulfilling some of these conditions, such as receiving required regulatory approvals, is not entirely within our control. We currently expect to complete the merger during the third calendar quarter of 2010; however, because the merger is subject to these conditions, we cannot predict the actual timing.

**Q: What shareholder approvals are required to complete the merger?**

A: The affirmative vote of holders of at least a majority of the shares of Northeast common stock outstanding and entitled to vote at the Northeast special meeting is required to approve the merger agreement. Approval of the Northeast Bancorp 2010 Stock Option and Incentive Plan by a majority of the votes present and entitled to vote at the special meeting is also required.

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**Q: Are there any shareholders of Northeast already committed to voting in favor of the merger agreement?**

A: Yes. Northeast directors (who unanimously approved the merger agreement) and executive officers, who collectively held approximately 7.0% of the outstanding shares of Northeast common stock on the record date, have entered into voting agreements requiring them to vote all of their shares in favor of the adoption of the merger agreement.

**Q: When and where is the special meeting of Northeast shareholders?**

A: The special meeting of shareholders of Northeast will be held at Northeast Bancorp Headquarters Building, 500 Canal Street, Lewiston, ME 04240, on Tuesday, July 27, 2010 at 11:00 a.m., local time.

**Q: Who may attend the meeting?**

A: Northeast shareholders of record (or their authorized representatives) and Northeast's invited guests may attend the meeting. Verification of stock ownership will be required at the meeting. If you own your shares in your own name or hold them through a broker (and can provide documentation showing ownership such as a letter from your broker or a recent account statement) at the close of business on the record date (June 14, 2010), you will be permitted to attend the meeting.

**Q: What will happen at the special meeting of Northeast shareholders?**

A: At the special meeting, Northeast shareholders will consider and vote upon the proposal to approve the merger agreement. If the merger agreement is approved, shareholders will also consider and vote upon the approval of the Northeast Bancorp 2010 Stock Option and Incentive Plan adopted by the board of directors. The proposal to approve the merger and the proposal to approve the Northeast Bancorp 2010 Stock Option and Incentive Plan are dependent upon one another, and the merger will not be completed unless both proposals are approved by the requisite vote of Northeast shareholders. If, at the time of the special meeting, there are not sufficient votes to approve the merger agreement, Northeast shareholders may be asked to consider and vote upon a proposal to adjourn the special meeting, so that Northeast can solicit additional proxies.

**Q: Does the Northeast board of directors recommend voting in favor of the merger agreement?**

A: Yes. The Northeast board of directors unanimously recommends that Northeast shareholders vote **FOR** the approval of the merger agreement.

**Q: Does the Northeast board of directors recommend voting in favor of the Northeast Bancorp 2010 Stock Option and Incentive Plan?**

A: Yes. The Northeast board of directors unanimously recommends that Northeast shareholders vote **FOR** the approval of the Northeast Bancorp 2010 Stock Option and Incentive Plan.

**Q: Are there any risks that I should consider in deciding whether to vote for approval of the merger agreement?**



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A: Yes. You should read and carefully consider the risk factors set forth in the section in this document titled Risk Factors beginning on page 93.

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

A: You should carefully read and consider the information contained in this document, including its appendices. It contains important information about the merger, the merger agreement, Northeast, FHB and

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the Northeast Bancorp 2010 Stock Option and Incentive Plan. After you have read and considered this information, you should complete and sign your proxy card and return it in the enclosed postage-paid return envelope as soon as possible or submit your proxy through the internet or by telephone. By doing so, you ensure that your shares of Northeast common stock will be represented and voted at the Northeast special meeting.

**Q: If my shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee automatically vote my shares for me?**

A: No. Your broker, bank or other nominee will not vote your shares unless you provide instructions to your broker, bank or other nominee on how to vote. You should fill out the voter instruction form sent to you by your broker, bank or other nominee with this document.

**Q: What if I fail to return my proxy card or to instruct my broker, bank or other nominee?**

A: If you fail to return your proxy card, submit your vote through the internet or by telephone, or to instruct your broker, bank or other nominee to vote your shares, your shares will not be voted.

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

A: Yes. Although the Northeast board of directors requests that you return the proxy card accompanying this document, or that you submit your vote through the internet or by telephone, all Northeast shareholders are invited to attend the special meeting. Northeast shareholders of record on June 14, 2010 can vote in person at the Northeast special meeting. If your shares are held by a broker, bank or other nominee, then you are not the shareholder of record and you must bring to the special meeting appropriate documentation from your broker, bank or other nominee to enable you to vote at the special meeting.

**Q: Can I change my vote after I have mailed my signed proxy card?**

A: Yes. Any Northeast shareholder who executes a proxy has the power to revoke it at anytime before it is voted. You may also revoke your proxy by attending the special meeting and voting the shares of common stock in person or by delivering to Suzanne M. Carney, Clerk of Northeast, at the principal offices of Northeast or at the special meeting prior to the opening of the balloting at the special meeting, a written notice of revocation or a later-dated, properly executed proxy. All written notices of revocation and other communications with respect to revocation of proxies not delivered to the Clerk at the special meeting should be addressed to Northeast as follows: 500 Canal Street, Lewiston, Maine 04240, Attention: Suzanne M. Carney, Clerk.

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

A: No. You will receive separate written instructions for surrendering your shares of Northeast common stock in exchange for the merger consideration. In the meantime, you should retain your stock certificate(s) because they are still valid. Please do not send in your stock certificate(s) with your proxy card.

**Q: Where can I find more information about the companies?**

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A: You can find more information about Northeast and FHB from the various sources described under the section in this document titled Where You Can Find More Information beginning on page 242.

**Q: Will a proxy solicitor be used?**

A: Yes. Northeast has engaged D.F. King & Co., Inc. to assist in the solicitation of proxies for the meeting, and Northeast estimates it will pay D.F. King a fee of approximately \$10,000. Northeast has also agreed to

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reimburse D.F. King for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify D.F. King against certain losses, costs and expenses. In addition, our officers and employees may request the return of proxies by telephone or in person, but no additional compensation will be paid to them.

**Q: Whom should I call with questions?**

A: You may contact D.F. King at (800) 487-4870.

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**SUMMARY**

*This summary highlights certain material information from this document. It may not contain all of the information that may be important to you. You should read carefully the entire document and the other documents to which we refer you in order to fully understand the proposed merger, especially the risks, which are discussed under Risk Factors beginning on page 93. You may obtain certain information we refer to in this document without charge by following the instructions in the section entitled Where You Can Find More Information beginning on page 242. Each item in this summary includes a page reference directing you to a more complete description of that item. Unless the context otherwise requires, the terms:*

Northeast refers to Northeast Bancorp, a Maine corporation;

surviving corporation refers to Northeast Bancorp after the merger;

FHB refers to FHB Formation LLC, a Delaware limited liability company;

we, us and our refers to Northeast;

merger refers to the merger of FHB with and into Northeast, with Northeast as the surviving entity of such merger; and

the merger agreement refers to the Agreement and Plan of Merger, dated as of March 30, 2010, by and between FHB and Northeast.

**Information About Northeast and FHB (page 157)**

Northeast Bancorp

500 Canal Street

Lewiston, Maine 04240

(207) 786-3245

Northeast, a Maine corporation chartered in April 1987, is a bank holding company registered under the Bank Holding Company Act of 1956. Prior to 1996, Northeast operated under the name Bethel Bancorp. Northeast's primary subsidiary and principal asset is its wholly-owned banking subsidiary, Northeast Bank, or the Bank, which has ten banking branches. The Bank offers property and casualty insurance products through the Bank's wholly-owned subsidiary, Northeast Bank Insurance Group, Inc. Northeast Bank Insurance Group has twelve insurance agency offices, four of which are located in the Bank's banking branches. In addition, Northeast also offers investment services, including financial planning products and services, through an office in Falmouth, Maine.

The Bank, which was originally organized in 1872 as a Maine-chartered mutual savings bank and was formerly known as Bethel Savings Bank F.S.B., is a Maine state-chartered bank and a member of the Federal Reserve System. From 1987 to August 2004, the Bank was a federal savings bank, and Northeast was a unitary savings and loan holding company registered with the Office of Thrift Supervision. In August 2004, the Bank's charter was converted into a Maine state-chartered universal bank, and Northeast became a bank holding company. In connection with the conversion of its charter, the Bank applied for and was granted membership in the Federal Reserve System. Accordingly, Northeast and the Bank are currently subject to the regulatory oversight of the Federal Reserve Bank of Boston and the State of Maine Bureau of Financial Institutions.

As of March 31, 2010, Northeast, on a consolidated basis, had total assets of approximately \$612 million, total deposits of approximately \$380 million, and shareholders' equity of approximately \$50 million.



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Additional information about Northeast and its subsidiaries is included in documents filed with the SEC. For more information, please see the section entitled "Where You Can Find More Information" beginning on page 242.

FHB Formation LLC

695 Atlantic Avenue

Boston, Massachusetts 02111

(617) 443-4704

FHB was formed as a Delaware limited liability company in March 2009 in order to raise third-party capital to be invested in a financial institution. Richard Wayne, Claire Bean and Heather Campion are FHB's sole members and officers. In connection with the merger, FHB has secured equity commitments from certain accredited investors, including Arlon Capital Partners LP, funds or accounts under management by BlackRock, Inc., investment advisor affiliates, funds or accounts managed by East Rock Capital, LLC and its affiliates, and funds managed by Highfields Capital Management LP. Certain other private investment funds and institutions, FHB management, and twelve individuals represent the remaining commitments.

### **Structure of the Merger (page 125)**

FHB and Northeast entered into an Agreement and Plan of Merger on March 30, 2010. The merger agreement provides for the merger of FHB with and into Northeast, with Northeast being the surviving corporation.

The proposed merger will occur following approval of the proposal described in this document by the shareholders of Northeast and satisfaction or waiver of all other conditions to the merger. The merger agreement is attached to this document as Appendix A. Northeast encourages you to read the merger agreement because it is the legal document that governs the merger.

### **Merger Consideration (page 125)**

If the merger is completed, each share of Northeast common stock will be converted into the right to receive either:

\$13.93 in cash (which is referred to as the cash consideration); or

one share of surviving corporation common stock, plus cash in lieu of any fractional share (which is referred to as the stock consideration).

You will have the opportunity to elect the form of consideration to be received for all shares of Northeast common stock that you hold, subject to allocation procedures set forth in the merger agreement. You may elect to receive a portion of your merger consideration in cash and the remaining portion in shares of surviving corporation common stock. The allocation procedures included in the merger agreement are intended to ensure that 40% of the outstanding shares of Northeast common stock immediately prior to the effective time of the merger will be converted into the right to receive cash, and 60% of these shares of Northeast common stock will be converted into the right to receive shares of surviving corporation common stock.

The surviving corporation will not issue fractional shares. Instead, each holder of Northeast common stock will receive an amount of cash, in lieu of any fractional share, based on the average per share closing price of Northeast's common stock on the NASDAQ Global Market over the three trading days ending two days preceding the closing date of the merger, rounded to the nearest whole cent.

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### **FHB's Source of Funds (page 157)**

Each investor in FHB has issued a binding equity commitment letter to FHB to fund, at the closing of the merger, a portion of (i) the cash consideration of \$12,940,037 to be paid to the existing shareholders of Northeast in exchange for their existing shares of Northeast common stock, (ii) a capital contribution to Northeast of \$16,175,042 in exchange for newly issued shares of common stock of the surviving corporation, and (iii) fees and expenses incurred by FHB relating to the merger of up to \$1,000,000 that will not be paid by Northeast. Upon the closing of the merger, each FHB investor will receive membership interests in FHB that immediately thereafter will be converted into the right to receive 0.96679 shares of common stock of the surviving corporation in exchange for each unit of FHB held by that investor. After giving effect to the merger, including the capital contribution by FHB, the FHB investors will hold, in the aggregate, 60% of the surviving corporation's common stock, and current Northeast shareholders will hold, in the aggregate, 40% of the surviving corporation's common stock. No investor will acquire more than 9.99% of any class of voting securities (including options on a non-diluted basis) or more than 9.99% of the total equity of Northeast as a result of the merger.

### **Election Procedures (page 126)**

The shares of Northeast common stock that you hold will be exchanged for cash, surviving corporation common stock or a combination of cash and surviving corporation common stock as chosen by you, subject to the allocation procedures described in the merger agreement. Prior to the closing date of the merger, you will be sent an election form and detailed instructions to permit you to choose your preferred consideration. You have the following choices:

you may elect to receive \$13.93 per share in cash in exchange for all shares of Northeast common stock that you hold;

you may elect to receive one share of surviving corporation common stock per share of Northeast common stock that you hold, plus cash in lieu of any fractional share, in exchange for all shares of Northeast common stock that you hold;

you may elect to receive the cash consideration with respect to a portion of the shares of Northeast common stock that you hold, and the stock consideration with respect to the remaining shares of Northeast common stock that you hold; or

you may make no election with respect to the consideration to be received by you in exchange for your shares of Northeast common stock.

You will have a limited period of time in which to complete the election form and return it as instructed. The election form will be mailed to you at least 15 business days prior to the anticipated election deadline (which will be a date mutually agreed upon by FHB and Northeast). You will need to surrender your Northeast stock certificates to receive the appropriate consideration, but you should not send us any certificates now. You will receive detailed instructions on how to exchange your stock certificates along with your election form. If you do not submit an election form, you will receive instructions on where to surrender your Northeast stock certificates after the merger is completed.

If your shares or a portion of your shares of Northeast common stock are held in street name by a broker, bank or other nominee, an election form will be mailed to the broker, bank or other nominee with respect to those shares.

If you hold a portion of your shares in an individual retirement account and the remaining portion of your shares is held directly in your name, you will receive two election forms: one for your shares held in the individual retirement account and one for the shares held directly in your name.



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### **Allocation Procedures (page 127)**

The merger agreement provides for overall limitations on the amount of cash and shares of surviving corporation common stock available in the merger as follows:

40% of the total number of outstanding shares of Northeast common stock immediately prior to the effective time of the merger will be converted into the right to receive the cash consideration; and

60% of the shares of Northeast common stock will be converted into the right to receive the stock consideration.

As a result, whether you receive the amount of cash and/or stock you request in your election form will depend in part on the elections of other Northeast shareholders. You may not receive exactly the form of consideration that you elect in the merger, and you may instead receive a pro rata amount of cash and surviving corporation common stock.

If you have a preference for receiving either cash or surviving corporation common stock for your shares of Northeast common stock, you should return the election form indicating your preference. Northeast shareholders who make an election will be accorded priority over those shareholders who make no election in instances where the cash consideration or stock consideration must be re-allocated in order to achieve the required ratio of Northeast shares being converted into the right to receive cash and surviving corporation common stock. If you do not make an election, you will be allocated cash and/or surviving corporation common stock depending on the elections made by other Northeast shareholders. Please see the examples set forth in the section of this document titled *The Merger Agreement Allocation Procedures* beginning on page 127. However, even if you do make an election, the form of merger consideration you actually receive may differ from the form of merger consideration that you elect to receive.

Because the tax consequences of receiving cash will differ from the tax consequences of receiving surviving corporation common stock, you should carefully read the section in this document titled *Material Federal Income Tax Consequences of the Merger* beginning on page 120.

### **Treatment of Stock Options (page 131)**

At the effective time of the merger, each outstanding option granted under Northeast's 1992 Stock Option Plan and 1999 Stock Option Plan, whether vested or unvested, and which has not been previously exercised or cancelled, will be exchanged for an option to acquire shares of surviving corporation common stock following the consummation of the merger. The merger will not change the number and price of the options outstanding under the 1992 Stock Option Plan and 1999 Stock Option Plan. The terms of each resulting option will be substantially identical to the corresponding existing option. Northeast's 1987 Stock Option Plan, 1989 Stock Option Plan and 2001 Stock Option Plan will terminate at the effective time of the Merger.

### **Opinion of Northeast's Financial Advisor (page 113)**

In connection with the merger, the Northeast board of directors received a written opinion from Keefe, Bruyette & Woods, Inc., or KBW, as to the fairness, from a financial point of view, of the merger consideration to be received by the holders of Northeast common stock. The full text of KBW's written opinion, dated March 30, 2010, is attached to this proxy statement/prospectus as Appendix B. You are encouraged to read this opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. KBW's opinion is directed to the Northeast board of directors and does not constitute a recommendation to any Northeast shareholder on how to vote with respect to the merger agreement. KBW's opinion will not reflect any developments that may occur or may have occurred after the date of the opinion and prior to completion of the merger. Northeast does not currently expect to request

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an updated opinion from KBW. Northeast agreed to pay KBW a cash fee of \$100,000 concurrently with the rendering of its fairness opinion and \$600,000 upon closing of the transaction for its service in connection with the merger.

### **Northeast's Board of Directors Recommends That You Vote FOR the Merger (page 113)**

Northeast's board of directors believes that the merger is in the best interests of Northeast and its shareholders, and the board of directors unanimously recommends that Northeast shareholders vote **FOR** approval of the merger agreement. For a discussion of the factors considered by the Northeast board of directors in reaching its decision to approve the merger agreement, see *The Merger* Northeast's Reasons for the Merger beginning on page 111.

### **Composition of Northeast's Board of Directors and Management Following the Merger (page 164)**

Following the merger, Northeast's board of directors will consist of nine members, as described in this proxy statement/prospectus, including two representatives from Northeast's existing board of directors, and the existing management team of Northeast will continue in the following roles: James Delamater will become President and Chief Executive Officer of Northeast's Community Banking Division, Pender Lazenby will remain as the Chief Risk Officer of Northeast, Robert Johnson will become Chief Financial Officer of Northeast's Community Banking Division, and Marcel Blais will become Chief Operating Officer of Northeast's Community Banking Division. Following the merger, Richard Wayne will become the Chief Executive Officer of Northeast, Claire Bean will become the Chief Financial Officer and Chief Operating Officer of Northeast, and Heather Campion will become the Chief Administrative Officer of Northeast.

### **Interests of Northeast's Directors and Executive Officers in the Merger (page 122)**

In considering the recommendation of the Northeast board of directors with respect to the merger agreement, Northeast shareholders should be aware that Northeast's directors and executive officers have interests in the merger that may be different from, or in addition to, Northeast's shareholders generally. The Northeast board of directors was aware of these interests, and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending to the shareholders that the merger agreement be adopted. These interests and arrangements include rights to indemnification and directors' and officers' liability insurance and the continued service on the surviving corporation's board of directors by two members of the Northeast board of directors who were members of the Northeast board of directors as of the date of the merger agreement. In addition, the surviving corporation intends to retain certain Northeast executive officers in senior leadership roles with the surviving corporation following consummation of the merger and has entered into new employment arrangements with these executive officers contingent upon the consummation of the merger.

### **Limitations on Considering Other Acquisition Proposals (page 135)**

The merger agreement restricts Northeast's ability to solicit or engage in discussions or negotiations with a third party regarding a proposal to acquire a significant interest in Northeast. However, if Northeast receives a bona fide unsolicited written acquisition proposal from a third party that is, or is reasonably likely to be, more favorable to Northeast shareholders than the terms of the merger agreement, Northeast may furnish information to that third party and engage in negotiations regarding an acquisition proposal with that third party, subject to specified conditions in the merger agreement. In addition, the Northeast board of directors may not withdraw, qualify or modify its approval or recommendation of the merger agreement, approve or recommend another acquisition proposal to its shareholders, or cause Northeast to enter into a letter of intent or definitive agreement with respect to an acquisition transaction or that requires Northeast to abandon, terminate or fail to consummate

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the merger, unless the Northeast board of directors determines in good faith, after consultation with counsel and its financial advisor, that an acquisition proposal is a superior proposal and that it is required to take such action to comply with its fiduciary duties to shareholders under applicable law. Northeast can determine that an acquisition proposal is a superior proposal only after Northeast provides FHB with advance notice that the Northeast board is prepared to make such determination and cooperates and negotiates in good faith with FHB to provide FHB with an opportunity to adjust or modify the terms and conditions of the merger agreement so that such acquisition proposal no longer constitutes a superior proposal.

### **Conditions to the Merger (page 131)**

FHB and Northeast will not complete the merger unless a number of conditions are satisfied or waived, including:

the shareholders of Northeast must approve the merger agreement and the Northeast Bancorp 2010 Stock Option and Incentive Plan;

FHB and Northeast must receive all required regulatory approvals, any waiting periods required by law must have passed, and the regulatory approvals must not impose any burdensome condition upon FHB or Northeast;

there must be no order, decree or injunction in effect, nor any law, statute or regulation enacted or adopted, preventing completion of the merger;

the registration statement, of which this proxy statement/prospectus forms a part, must be declared effective;

the NASDAQ Stock Market must authorize the listing of the shares of surviving corporation common stock to be issued in the merger;

Northeast must receive all material third-party consents to the merger;

the representations and warranties of each of FHB and Northeast in the merger agreement must be accurate, subject to exceptions that would not have a material adverse effect;

FHB and Northeast must each have performed in all material respects all obligations required to be performed by it; and

no event or development must have occurred with respect to FHB or Northeast that has had, or would reasonably be expected to have, a material adverse effect.

### **Termination of the Merger Agreement (page 133)**

FHB and Northeast can mutually agree to terminate the merger agreement before the merger has been completed, and either company can terminate the merger agreement if:

the other party materially breaches any of its representations, warranties or covenants contained in the merger agreement (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement) and the breach cannot be or has not been cured within 30 days of written notice of the breach;

the merger is not completed by December 31, 2010, unless the failure to complete the merger is due to the failure by the terminating party to perform its obligations under the merger agreement;

a regulatory approval that is required in order to complete the merger is denied; or

the shareholders of Northeast do not approve the merger agreement.

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In addition, FHB may terminate the merger agreement if, among other things, Northeast breaches its obligations to call a meeting of shareholders to approve the merger agreement or if Northeast breaches its non-solicitation obligations.

Northeast has the right to terminate the merger agreement in connection with entering into a definitive agreement to effect a superior proposal, subject to specified conditions in the merger agreement.

**Termination Fee (page 134)**

Under the terms of the merger agreement, Northeast must pay FHB a termination fee of \$1,000,000 if:

FHB terminates the merger agreement as a result of the Northeast board of directors modifying or withdrawing its recommendation to the Northeast shareholders to vote in favor of the merger agreement, or approving or recommending another acquisition proposal;

FHB terminates the merger agreement as a result of a material breach by Northeast of the provisions in the merger agreement prohibiting the solicitation of other offers;

FHB or Northeast terminates the merger agreement as a result of: (1) the failure of the Northeast shareholders to approve the merger agreement; or (2) the merger not having been consummated by December 31, 2010 due to the failure of the Northeast shareholders to approve the merger agreement; and both

an acquisition proposal with respect to Northeast has been publicly announced, disclosed or otherwise communicated to the Northeast board of directors prior to that time; and

within 12 months of termination of the merger agreement, Northeast enters into a definitive agreement with respect to, or has consummated, another acquisition proposal; or

FHB terminates the merger agreement as a result of a material breach by Northeast of any of its representations, warranties, covenants or agreements contained in the merger agreement; and both

an acquisition proposal with respect to Northeast has been publicly announced, disclosed or otherwise communicated to the Northeast board of directors prior to that time; and

within 12 months of termination of the merger agreement, Northeast enters into a definitive agreement with respect to, or has consummated, another acquisition proposal; or

Northeast terminates the merger agreement in connection with Northeast entering into a definitive agreement with respect to a superior proposal.

Under the terms of the merger agreement, FHB must pay Northeast a termination fee of \$1,000,000 if:

Northeast terminates the merger agreement as a result of the merger not having been consummated by December 31, 2010, and

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At the time of termination, all of the conditions to Northeast's obligations to effect the merger are satisfied (or would have been satisfied if the closing of the merger were to occur on the date of termination).

### **Effective Time of the Merger (page 125)**

We expect that the merger will be completed as soon as practicable following the approval of the merger agreement by the shareholders of Northeast at the special meeting, if all other conditions have been satisfied or waived. The parties cannot be certain whether or when any of the conditions to the merger will be satisfied, or waived where permissible. We currently expect to complete the merger during the third calendar quarter of 2010; however, because the merger is subject to these conditions, we cannot predict the actual timing.

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### **Material Federal Income Tax Consequences (page 120)**

Tax matters are complicated, and the tax consequences of the merger to you will depend upon the facts of your particular situation and on whether you elect to receive stock, cash or a mix of stock and cash. In addition, you may be subject to state, local or foreign taxes that are not discussed in this document. Accordingly, we strongly urge you to consult your own tax advisor for a full understanding of the tax consequences to you of the merger.

The material federal income tax consequences to the shareholders of Northeast should be as follows:

a shareholder who receives solely surviving corporation common stock in connection with the merger should not recognize gain or loss. His or her tax basis in the surviving corporation common stock received pursuant to the merger should equal the shareholder's tax basis in the shares of Northeast common stock being exchanged. The holding period of surviving corporation common stock received should include the holding period of the shares of Northeast common stock being exchanged.

a shareholder who receives solely cash in exchange for all of that shareholder's shares of Northeast common stock pursuant to the merger should either be treated as having redeemed those shares to Northeast or as having sold his shares to FHB or its members and generally should recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the shareholder's aggregate tax basis for such shares, which gain or loss will be long-term capital gain or loss if such shares of Northeast common stock were held for more than one year.

a shareholder who receives both surviving corporation common stock and cash consideration in exchange for all of his or her shares of Northeast common stock generally should:

(i) with respect to the shares exchanged for cash, be treated as having either redeemed a portion of his or her shares for the cash consideration received in the merger or as having sold such shares to FHB or its members and generally should recognize capital gain or loss in an amount equal to the difference between the amount of cash received and his or her adjusted tax basis in the shares exchanged for cash, which gain or loss will be long-term capital gain or loss if such shares of Northeast common stock were held for more than one year; and

(ii) with respect to the shares exchanged for surviving corporation common stock in connection with the merger, not recognize gain or loss, and his or her aggregate tax basis in the shares retained in the surviving corporation should equal the shareholder's aggregate adjusted tax basis in the Northeast shares that were not exchanged for cash. The Shareholder's holding period for surviving corporation common stock received will include the holding period of the shares of Northeast common stock being exchanged.

Tax matters are complicated, and the tax consequences of the merger to you will depend upon the facts of your particular situation and on whether you elect to receive stock, cash or a mix of stock and cash. In addition, you may be subject to state, local or foreign taxes that are not discussed in this document. Accordingly, we strongly urge you to consult your own tax advisor for a full understanding of the tax consequences to you of the merger.

### **Required Regulatory Approvals (page 145)**

To complete the merger, FHB is seeking the prior approval of the Board of Governors of the Federal Reserve System and the Maine Bureau of Financial Institutions. The United States Department of Justice is able to provide input into the approval process of federal banking agencies to challenge the approval on antitrust grounds. FHB has filed all necessary applications and notices with the applicable regulatory authorities. FHB cannot predict, however, whether or when the required regulatory approvals will be obtained or whether any such

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approvals will impose any burdensome condition upon FHB or Northeast. FHB and Northeast have agreed to use their reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement. FHB and Northeast will not be required to agree to any prohibition, limitation, or other requirement imposed by any regulatory approval that would impose any term, condition or restriction upon any FHB investor, FHB, Northeast or any of its subsidiaries, or the surviving corporation or any of its subsidiaries that would reasonably be expected to materially adversely affect (i) an FHB investor or the ability of the surviving corporation or any of its subsidiaries to operate any material portion of its business or assets, (ii) prohibit or materially limit the ownership or operation by Northeast or the surviving corporation of all or any material portion of its business or assets, or (iii) compel Northeast or the surviving corporation to dispose of or hold separate all or any material portion of its business or assets.

### **Accounting Treatment (page 120)**

The merger will be accounted for under the acquisition method of accounting with FHB treated as the acquirer under United States Generally Accepted Accounting Principles, or GAAP. Under the acquisition method, the assets and liabilities of Northeast will be adjusted to fair value at the date of the merger. All identifiable intangibles will be recorded at their fair value and included as part of the assets acquired. Any excess of purchase price over the fair value of net identifiable and intangible assets and liabilities is recorded as goodwill. To the extent the fair value of the net assets, including identifiable intangibles of Northeast, exceeds the purchase price at the merger date, that amount will be recognized as a gain in earnings as of the acquisition date. Identifiable intangibles will be amortized over their estimated lives and will be evaluated annually, at a minimum, for impairment.

### **Surviving Corporation Shares to be Listed on the Nasdaq Stock Market (page 138)**

FHB will use its reasonable best efforts to obtain approval for listing on the NASDAQ Stock Market the shares of surviving corporation common stock to be issued pursuant to the merger.

### **Comparisons of Rights of Shareholders (page 236)**

The rights of Northeast shareholders currently are governed by Northeast's articles of incorporation and bylaws, and by Maine law. After the merger is completed, Northeast shareholders who receive surviving corporation common stock in the merger will become shareholders of the surviving corporation, and, therefore, their rights as shareholders of the surviving corporation will be governed by the amended and restated articles of incorporation and bylaws of the surviving corporation. As a result of the merger, Northeast shareholders will have different rights when they become holders of surviving corporation common stock than they currently have as holders of Northeast common stock. The articles of incorporation and bylaws of the surviving corporation are attached to this proxy statement/prospectus as Appendix D.

### **Special Meeting of Northeast (page 103)**

Northeast plans to hold its special meeting of shareholders on Tuesday, July 27, 2010, at 11:00 a.m., local time, at Northeast Bancorp Headquarters Building, 500 Canal Street, Lewiston, ME 04240. At the meeting, Northeast shareholders will be asked to approve the merger agreement and to approve the Northeast Bancorp 2010 Stock Option and Incentive Plan, or the 2010 Plan. Northeast shareholders may also be asked to vote upon a proposal to adjourn or postpone the special meeting. Northeast could use any adjournment or postponement of the special meeting for the purpose, among others, of allowing more time to solicit votes to adopt the merger agreement and approve the merger.

You can vote at the Northeast special meeting of shareholders if you owned Northeast common stock at the close of business on June 14, 2010, which has been fixed as the record date. As of June 11, 2010, the last trading day before the record date, there were 2,322,332 shares of Northeast common stock outstanding and entitled to vote. You may cast one vote for each share of Northeast common stock that you owned on that date.



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### **Northeast Shareholder Vote Required to Approve the Plan of Merger (page 104)**

Approval of the merger agreement requires the affirmative vote of a majority of the shares of Northeast common stock outstanding and entitled to vote as of June 14, 2010.

As of the record date, Northeast directors and executive officers and their affiliates, who have entered into voting agreements with FHB, held approximately 163,916 shares (or approximately 7.0% of the outstanding shares) of Northeast common stock entitled to vote at the special meeting.

As of the record date, FHB held no shares of Northeast common stock, and none of its members and executive officers or their affiliates held any shares of Northeast common stock. See *The Merger* *Interests of Certain Persons in the Merger* beginning on page 122.

### **Abstentions and Broker Non-Votes (page 105)**

Only shares affirmatively voted for approval of the merger agreement, including shares represented by properly executed proxies that do not contain voting instructions, will be counted as votes **FOR** the merger agreement. If your broker holds your shares of Northeast common stock in street name, your broker will vote your shares only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this document. Abstentions and broker non-votes will have the same effect as voting against approval of the merger agreement, and will have no effect on the outcome of the vote for the Northeast Bancorp 2010 Stock Option and Incentive Plan.

### **Proposal to Approve Adjournment of the Special Meeting (page 105)**

Northeast is submitting a proposal for consideration at the special meeting to authorize the named proxies to approve one or more adjournments of the special meeting if there are not sufficient votes to approve the merger agreement at the time of the special meeting. Even though a quorum may be present at the special meeting, it is possible that Northeast may not have received sufficient votes to approve the merger agreement by the time of the special meeting. In that event, Northeast would need to adjourn the special meeting in order to solicit additional proxies. The adjournment proposal relates only to an adjournment of the special meeting for purposes of soliciting additional proxies to obtain the requisite shareholder vote to approve the merger agreement. Any other adjournment of the special meeting (e.g., an adjournment required because of the absence of a quorum) would be voted upon pursuant to the discretionary authority granted by the proxy.

### **Northeast Shareholders Do Not Have Dissenters' Rights of Appraisal**

Under Maine law, Northeast shareholders are not entitled to appraisal rights in connection with the merger.

### **Northeast Bancorp 2010 Stock Option and Incentive Plan (page 147)**

On March 30, 2010, the board of directors of Northeast, upon the recommendation of Northeast's compensation committee, adopted the Northeast Bancorp 2010 Stock Option and Incentive Plan, or the 2010 Plan, subject to the approval of Northeast's shareholders and subject to the Northeast shareholders' approval of the merger agreement. A copy of the 2010 Plan is attached as Appendix C to this proxy statement/prospectus and is incorporated herein by reference.

### **Northeast's Board of Directors Recommends That You Vote **FOR** the 2010 Plan (page 147)**

Northeast's board of directors believes the 2010 Plan will provide Northeast with an appropriate means to incentivize and align the interests of employees, officers, non-employee directors and other key persons with the interests of shareholders. Accordingly, the board of Northeast recommends that shareholders vote **FOR** approval of the 2010 Plan.

**Table of Contents****Northeast Shareholder Vote Required to Approve the 2010 Plan (page 104)**

A majority of the votes cast by shareholders at the special meeting is required in order to approve the 2010 Plan. Northeast will include proxies marked as abstentions and broker non-votes in determining the number of shares present at the special meeting, but abstentions and broker non-votes will not affect the outcome of the proposal. The proposal to approve the merger and the proposal to approve the 2010 Plan are dependent upon one another, and the merger will not be completed unless both proposals are approved by the requisite vote of Northeast shareholders.

**Market Value of Securities**

Shares of Northeast common stock are listed on the Nasdaq Global Market under the symbol NBN. FHB is a privately held company and its membership interests are not publicly traded. The following table sets forth the closing sale prices per share of Northeast common stock as reported on Nasdaq on March 30, 2010, the last trading day before FHB and Northeast announced the merger, and on June 11, 2010, the last practicable trading day before the distribution of this document.

	<b>Northeast Common Stock Closing Price</b>
March 30, 2010	\$ 14.05
June 11, 2010	\$ 12.90

**Number of Holders of Northeast Common Stock and Number of Shares Outstanding**

As of June 14, 2010, there were 808 shareholders of record of Northeast common stock who held an aggregate of 2,322,332 shares of Northeast common stock.

**Restrictions on Resale of Northeast Common Stock by Affiliates (page 120)**

The shares of Northeast common stock to be issued in connection with the merger will be freely transferable under the U.S. Securities Act of 1933, as amended, or the Securities Act, except for shares issued to any shareholder who may be deemed to be an affiliate of Northeast for purposes of Rule 144 under the Securities Act. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or under the common control with Northeast and may include the executive officers, directors and significant shareholders of Northeast.

**Risk Factors (page 93)**

In evaluating the merger and the merger agreement, and before deciding how to vote your shares of Northeast common stock at the special meeting of the shareholders of Northeast, you should read this proxy statement/prospectus carefully and especially consider the factors, risks and uncertainties discussed in the section entitled Risk Factors beginning on page 93.

**Table of Contents****COMPARATIVE PER SHARE DATA**

The following table shows historical net income, dividend and book value per share information about Northeast and FHB and similar information giving effect to the merger, referred to as pro forma information. The comparative pro forma information for the time periods shown assumes that Northeast and FHB had been merged on the dates or at the beginning of the periods indicated. See Pro Forma Financial Information.

The information listed as per equivalent Northeast share was obtained by multiplying the pro forma amounts by 1, the exchange ratio, and adding 1,161,166 common shares to be issued to new investors in the merger. This information is presented to reflect the consideration Northeast shareholders will receive in the merger. Northeast anticipates that the combined entity will derive financial benefits from the merger that include the opportunity to earn more revenue. Further, both Northeast and FHB will incur transaction costs as a result of the merger. The pro forma information, while helpful in illustrating the financial characteristics of Northeast following the merger under one set of assumptions, does not reflect these benefits and expenses, and, accordingly, does not attempt to predict or suggest future results. The pro forma information also does not necessarily reflect what the historical results of Northeast would have been had Northeast and FHB been combined during these periods.

	<b>Northeast Bancorp</b>	<b>FHB Formation LLC</b>	<b>Pro Forma Combined (1)(2)</b>
<b>Book Value per share:</b>			
At March 31, 2010	\$ 19.74		\$ 16.93
<b>Tangible Book Value per share:</b>			
At March 31, 2010	\$ 14.60		\$ 13.35
<b>Cash dividends declared per share:</b>			
Nine months ended March 31, 2010	\$ 0.27		\$ 0.27
Twelve month ended June 30, 2009	\$ 0.36		\$ 0.36
<b>Diluted net income per share:</b>			
Nine months ended March 31, 2010	\$ 0.64		\$ 0.43
Twelve month ended June 30, 2009	\$ 0.36		\$ 0.46

- (1) The pro forma combined book value is based upon the pro forma combined common stockholders' equity for Northeast and FHB divided by total pro forma common shares of the combined entities. The pro forma combined tangible book value is based upon the pro forma combined common stockholders' equity less pro forma combined intangibles for Northeast and FHB divided by total pro forma common shares of the combined entity.
- (2) Pro forma cash dividends represent Northeast's historical cash dividends per share.

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**UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following unaudited pro forma consolidated condensed combined balance sheet as of March 31, 2010 and the unaudited pro forma consolidated condensed combined statements of income for the nine months ended March 31, 2010 and the twelve months ended June 30, 2009 reflect the merger of Northeast and FHB. The fiscal year ends are June 30 and December 31 for Northeast and FHB, respectively. The historical consolidated statement of income for FHB, as presented in the unaudited pro forma condensed combined statements of income, is for the nine months ended March 31, 2010. FHB was formed on March 3, 2009 for the purpose of facilitating the transactions contemplated by the merger agreement and had no financial activity until July, 2009.

The unaudited pro forma consolidated condensed combined financial information is based on the historical consolidated financial information statements of Northeast under the assumptions and adjustments set forth in the accompanying notes. The unaudited pro forma consolidated condensed combined balance sheet gives effect to the merger as if the merger had been consummated at March 31, 2010. The unaudited pro forma consolidated condensed combined statements of income give effect to the merger as if the merger had been completed at the beginning of the periods presented.

You should read the unaudited pro forma consolidated condensed combined financial statements in conjunction with the historical consolidated financial statements of Northeast that appear elsewhere in this document. The pro forma information is not necessarily indicative of the combined financial position or the results of operations in the future or of the combined financial position or the results of operations that would have been realized had the merger been consummated during the periods or as of the date for which the pro forma information is presented.

The pro forma per share amounts for the combined company are based on the exchange ratio of 1 for 1, and 1,161,166 shares of newly issued common stock to be issued to the new investors at \$13.93 per share.

**Table of Contents****Northeast Bancorp and FHB Formation LLC****Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet****As of March 31, 2010**

	<b>FHB Formation (1)</b>	<b>Northeast Bancorp</b>	<b>Adjustments</b>		<b>Unaudited Pro Forma</b>
Cash and short term investments	\$ 29,115,079	\$ 9,053,211	\$ (14,265,037)	(2)	\$ 23,903,253
Securities		170,762,997			170,762,997
Loans, net		383,192,253	(4,970,000)	(3)	378,222,253
Bank premises and equipment		8,415,622			8,415,622
Goodwill		4,490,500	(4,490,500)	(5)	
Identifiable intangible assets		7,463,003	5,001,000	(4)	12,464,003
Other assets		28,592,710	898,790	(6)	29,491,500
<b>Total assets</b>	<b>\$ 29,115,079</b>	<b>\$ 611,970,296</b>	<b>\$ (17,825,747)</b>		<b>\$ 623,259,628</b>
Deposits	\$	\$ 380,364,418	\$ 2,641,000	(7)	\$ 383,005,418
Borrowings	1,325,000	161,854,245	3,839,000	(8)	167,018,245
Jr. subordinated debentures		16,496,000	(9,801,000)	(9)	6,695,000
Other liabilities		3,159,576			3,159,576
Stockholders' equity					
Preferred		4,227,000	180,000	(10)	4,407,000
Common	27,790,079	45,869,057	(14,684,747)	(11)	58,974,389
<b>Total liabilities and stockholders' equity</b>	<b>\$ 29,115,079</b>	<b>\$ 611,970,296</b>	<b>\$ (17,825,747)</b>		<b>\$ 623,259,628</b>
Common shares		2,322,332	1,161,166		3,483,498

- (1) FHB is an entity formed specifically to facilitate capital investments in a banking entity. The balances shown above for FHB are those estimated as of the date of closing, and reflect the funds to be received from FHB investors (\$29.1 million) to purchase a total of 2,090,099 Northeast shares. FHB is also expected to incur \$1,325,000 in transaction-related costs prior to the closing date, which will be reimbursed by Northeast in accordance with the terms of the merger agreement. This reimbursement will allow FHB to repay borrowed funds of \$1,325,000 on the closing date.
- (2) Reflects \$12.9 million paid in exchange for 928,933 shares of Northeast common stock and \$1,325,000 of transaction expenses to be reimbursed by Northeast to FHB.
- (3) Reflects estimated fair value adjustments on loans of (\$10,893,000), net of eliminated Northeast allowance for loan losses of \$5,923,000.
- (4) Reflects the recognition of the estimated fair value of core deposit intangibles ( CDI ) of \$5,001,000. The estimated CDI represents the estimated future economic benefit resulting from the acquired customer balances and relationships.
- (5) Northeast's existing goodwill is eliminated based on the estimated valuation analysis indicating that the fair value of Northeast's net assets exceeds the purchase price.
- (6) Reflects the estimated net deferred tax assets arising from the purchase and fair value adjustments of assets and liabilities.
- (7) Reflects the estimated fair value adjustments on interest-bearing deposits at current market rates.
- (8) Reflects the estimated fair value adjustments of \$5,164,000 on borrowed funds, at current market rates, less repayment of \$1,325,000 in FHB borrowings.
- (9) Reflects the estimated fair value adjustment on Northeast's junior subordinated debentures, at current market rates.
- (10) Reflects the estimated fair value adjustment on warrants issued in connection with preferred stock purchased by the Treasury under the Capital Purchase Program ( CPP ).
- (11) Eliminates Northeast's stockholders' equity as part of the acquisition accounting adjustments, reflecting the estimated value of Northeast shares to be purchased by FHB investors as well as the estimated value of



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shares to be retained by existing Northeast shareholders. Further, reflects the recording, through income, of a gain representing the excess of the fair value of Northeast net assets over the purchase price and transaction expenses incurred by FHB that will be reimbursed by Northeast. Details are as follows:

The purchase price is determined as follows:

FHB investors purchase of 928,933 existing Northeast shares, at \$13.93 per share:	\$ 12,940,037
FHB investors purchase of 1,161,166 newly-issued shares, at \$13.93 per share	16,175,042
Value ascribed to shares held by existing Northeast shareholders, 1,393,399 shares at \$13.93 per share;	19,410,048
 Total purchase price	 \$ 48,525,127

The purchase price has preliminarily been allocated to the estimated assets and liabilities of Northeast as follows:

Purchase price	\$ 48,525,127
Allocated to:	
Historical net book value of Northeast assets and liabilities	(45,869,057)
Adjustment to Northeast equity for transaction expenses to be reimbursed to FHB	1,325,000
Newly-issued shares	(16,175,042)
Estimated fair value adjustments:	
Loans	4,970,000
Time deposits	2,641,000
Borrowed funds	5,164,000
Jr. subordinated debt	(9,801,000)
Existing goodwill	4,490,500
CDI	(5,001,000)
Warrants outstanding in connection with preferred stock issued under the CPP	180,000
Other	(898,790)
 Excess of fair value of net assets over the purchase price, to be recorded as gain in income	 \$ (10,449,262)

Note: Post-investment, Northeast expects to issue stock options to certain members of its management and to BlackRock, Inc. or BlackRock, Inc.'s designees in an aggregate amount not to exceed 18.75% of fully-diluted shares outstanding. The exercise price of any such option awards will be the per share market value of Northeast's common stock on the date the awards are made.

**Table of Contents****Northeast Bancorp and FHB Formation LLC****Unaudited Pro Forma Consolidated Condensed Combined Statement of Income****Nine Months Ended March 31, 2010**

	Historical				Pro Forma
	Northeast	FHB			Adjustments
					Pro Forma Combined
<b>Interest and dividend income:</b>					
Interest on loans	\$ 18,029,292	\$	\$ 139,000	A	\$ 18,168,292
Interest and dividends on available-for-sale securities	5,573,630		(453,950)	B	5,119,680
Other interest and dividend income	36,299	905			37,204
<b>Total interest and dividend income</b>	<b>23,639,221</b>	<b>905</b>	<b>(314,950)</b>		<b>23,325,176</b>
<b>Interest expense:</b>					
Deposits	5,507,301		(538,000)	A	4,969,301
Federal Home Loan Bank advances	1,336,161		(299,000)	A	1,037,161
Structured repurchase agreements	2,171,638		(983,000)	A	1,188,638
Short-term borrowings	485,923				485,923
Junior subordinated debentures issued to affiliated trusts	587,146		105,000	A	692,146
Other borrowings	243,926	35,967			279,893
<b>Total interest expense</b>	<b>10,332,095</b>	<b>35,967</b>	<b>(1,715,000)</b>		<b>8,653,062</b>
Net interest and dividend income before provision for loan losses	13,307,126	(35,062)	1,400,050		14,672,114
Provision for loan losses	1,723,142				1,723,142
<b>Net interest and dividend income after provision for loan losses</b>	<b>11,583,984</b>	<b>(35,062)</b>	<b>1,400,050</b>		<b>12,948,972</b>
<b>Noninterest income:</b>					
Fees for other services to customers	1,116,441				1,116,441
Net securities losses	(20,462)				(20,462)
Gain on sales of loans	707,943				707,943
Investment commissions	1,454,793				1,454,793
Insurance commissions	4,705,042				4,705,042
BOLI income	375,993				375,993
Other income	734,099				734,099
<b>Total noninterest income</b>	<b>9,073,849</b>				<b>9,073,849</b>
<b>Noninterest expense:</b>					
Salaries and employee benefits	10,392,407	176,365			10,568,772
Occupancy expense	1,449,503				1,449,503
Equipment expense	1,116,165				1,116,165
Intangible assets amortization	549,015		603,000	C	1,152,015
Other	4,932,693	595,658			5,528,351
<b>Total noninterest expense</b>	<b>18,439,783</b>	<b>772,023</b>	<b>603,000</b>		<b>19,814,806</b>
<b>Income before income tax expense</b>	<b>2,218,050</b>	<b>(807,085)</b>	<b>797,050</b>		<b>2,208,015</b>
Income tax expense	542,436	(282,480)	278,968		538,924



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Net income	\$ 1,675,614	\$ (524,605)	\$ 518,082	\$ 1,669,091
Net income available to common stockholders	\$ 1,493,676	\$ (524,605)	\$ 518,082	\$ 1,487,153
Earnings per common share:				
Basic	\$ 0.64	\$	\$	\$ 0.43
Diluted	\$ 0.64	\$	\$	\$ 0.43
Basic Shares	2,321,726		1,161,166	3,482,892
Diluted Shares	2,331,227		1,161,166	3,492,393

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- A. Accretion and amortization of estimated fair value adjustments to loans, deposits and other funding on level yield basis.
- B. Amortization of the estimated fair value adjustments to investment securities on a straight line basis which approximates level yield methods net of estimated income from investing the proceeds of \$16.175 million from the purchase of common stock by FHB investors.
- C. Amortization on a double declining basis of estimated core deposit intangible over its estimated life of 9.9 years.

**Table of Contents****Northeast Bancorp and FHB Formation LLC****Unaudited Pro Forma Consolidated Condensed Combined Statement of Income****Twelve Months Ended June 30, 2009**

	Historical Northeast	FHB	Pro Forma Adjustments	Pro Forma Combined
<b>Interest and dividend income:</b>				
Interest on loans	\$ 25,887,961	\$	\$ 139,000	A \$ 26,026,961
Interest and dividends on available-for-sale securities	7,717,755		(604,560)	B 7,113,195
Other interest and dividend income	160,199			160,199
<b>Total interest and dividend income</b>	<b>33,765,915</b>		<b>(465,560)</b>	<b>33,300,355</b>
<b>Interest expense:</b>				
Deposits	9,368,203		(1,280,000)	A 8,088,203
Federal Home Loan Bank advances	2,470,607		(399,000)	A 2,071,607
Structured repurchase agreements	2,980,696		(1,076,000)	A 1,904,696
Short-term borrowings	718,095			718,095
Junior subordinated debentures issued to affiliated trusts	959,476		110,000	A 1,069,476
Other borrowings	483,362			483,362
<b>Total interest expense</b>	<b>16,980,439</b>		<b>(2,645,000)</b>	<b>14,335,439</b>
Net interest and dividend income before provision for loan losses	16,785,476		2,179,440	18,964,916
Provision for loan losses	2,167,515			2,167,515
<b>Net interest and dividend income after provision for loan losses</b>	<b>14,617,961</b>		<b>2,179,440</b>	<b>16,797,401</b>
<b>Noninterest income:</b>				
Fees for other services to customers	1,103,681			1,103,681
Net securities losses	268,373			268,373
Gain on sales of loans	1,519,226			1,519,226
Investment commissions	1,588,656			1,588,656
Insurance commissions	5,864,743			5,864,743
BOLI income	491,309			491,309
Other income	697,263			697,263
<b>Total noninterest income</b>	<b>11,533,251</b>			<b>11,533,251</b>
<b>Noninterest expense:</b>				
Salaries and employee benefits	14,442,398			14,442,398
Occupancy expense	1,810,019			1,810,019
Equipment expense	1,603,519			1,603,519
Intangible assets amortization	747,947		1,009,000	C 1,756,947
Other	6,549,686			6,549,686
<b>Total noninterest expense</b>	<b>25,153,569</b>		<b>1,009,000</b>	<b>26,162,569</b>
<b>Income before income tax expense</b>	<b>997,643</b>		<b>1,170,440</b>	<b>2,168,083</b>
Income tax expense	38,654		405,675	444,329

Net income	\$	958,989	\$	\$	764,765
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