

NORTHEAST BANCORP /ME/
Form S-4
June 03, 2010
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As filed with the Securities and Exchange Commission on June 3, 2010

File No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

NORTHEAST BANCORP

(Exact name of registrant as specified in its charter)

Maine
(State or other jurisdiction of
incorporation or organization)

6720
(Primary Standard Industrial
Classification Code Number)
500 Canal Street

01-0425066
(IRS Employer
Identification Number)

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Lewiston, Maine 04240

(207) 786-3245

(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:

Paul G. Mattaini

Kimberly J. Decker

Barley Snyder, LLC

126 East King Street

Lancaster, PA 17602

(717) 299-5201

William P. Mayer

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Goodwin Procter LLP

53 State Street

Boston, MA

(617) 570-1000

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:

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:

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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)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price (2)	Amount of registration fee (3)
Common Stock, \$1.00 par value	1,393,399	N/A	\$17,431,422	\$1,242.86

- (1) Represents the maximum number of shares of common stock, \$1.00 par value (Common Stock), of Northeast Bancorp (Northeast), estimated to be issuable to shareholders of Northeast upon the consummation of the merger of FHB Formation LLC with and into Northeast, based on the number of shares of Common Stock issued and outstanding immediately prior to such merger and the exchange of each share of Common Stock for one share of Common Stock following the merger
- (2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended (the Securities Act) and computed pursuant to Rule 457(f)(1) and (f)(3) and 457(c) of the Securities Act. The proposed maximum aggregate offering price of the Common Stock was calculated based upon the market value of shares of Common Stock in accordance with Rule 457(c) under the Securities Act as follows: the product of (i) \$12.51, the average of the high and low prices per share of the Common Stock reported by NASDAQ on May 27, 2010 and (ii) 1,393,399, the maximum possible number of shares of Common Stock that may be issued to shareholders of Northeast in the merger.
- (3) Computed in accordance with Rule 457(f) and Section 6(b) under the Securities Act of 1933 by multiplying (A) the proposed maximum aggregate offering price for all securities to be registered by (B) 0.00007130.

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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The information in this document is not complete and may be changed. Northeast may not sell the securities offered by this document until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities, and Northeast is not soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 3, 2010

NORTHEAST BANCORP

500 Canal Street

Lewiston, Maine

Nasdaq Global Market: NBN

PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT

[Mail Date]

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 [meeting address], on [meeting day], [meeting date], at [meeting time] 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 holders 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 vote 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 _____, 2010, and is first being mailed to Northeast shareholders on or about [Mail date].

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NORTHEAST BANCORP

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON [MEETING DATE]

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 [meeting address], on [meeting day], [meeting date] at [meeting time] 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 [Record Date] 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 holders 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, 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 A Agreement and Plan of Merger, dated as of March 30, 2010, by and between FHB Formation LLC and Northeast Bancorp

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 common stock, (ii) a capital contribution to Northeast of \$16,175,042 in exchange for newly issued shares of common stock of Northeast, 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 Northeast 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 shareholders 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 % 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 [meeting place], on [meeting date], 2010 at [meeting time], 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 ([record date]), you will be permitted to attend the meeting. Shareholders may call Suzanne Carney at (207) 786 -3245 to obtain directions to [meeting address].

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. 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 [Record Date], 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?

A:

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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 \$. 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 common stock, (ii) a capital contribution to Northeast of \$16,175,042 in exchange for newly issued shares of common stock of Northeast, 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 Northeast 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 a