

NORTHEAST BANCORP /ME/
Form DEF 14A
October 09, 2015

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

NORTHEAST BANCORP

(Name of Registrant as Specified In Its Charter)

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

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October 9, 2015

Dear Northeast Bancorp Shareholder:

You are cordially invited to attend the 2015 annual meeting of shareholders of Northeast Bancorp. The annual meeting will be held on Friday, November 20, 2015 at 10:00 a.m., Eastern Time, at the offices of Goodwin Procter LLP located at Exchange Place, 53 State Street, Boston, Massachusetts 02109.

The proxy statement, with the accompanying formal notice of the meeting, describes the matters expected to be acted upon at the meeting. We urge you to review these materials carefully and to use this opportunity to take part in the affairs of Northeast Bancorp by voting on the matters described in the proxy statement. Following the formal portion of the meeting, we will report on the operations of our company, and our directors and management team will be available to answer appropriate questions from shareholders.

Your vote is important. We hope that you will be able to attend the meeting. Whether or not you plan to attend the meeting, please vote as soon as possible. Instructions on how to vote are contained in the proxy statement.

Thank you for your continued support of Northeast Bancorp.

Sincerely,

Richard Wayne
President and Chief Executive Officer

NORTHEAST BANCORP

500 Canal Street
Lewiston, Maine 04240

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON NOVEMBER 20, 2015**

The 2015 annual meeting of shareholders of Northeast Bancorp will be held on Friday, November 20, 2015 at 10:00 a.m., Eastern Time, at the offices of Goodwin Procter LLP located at Exchange Place, 53 State Street, Boston, Massachusetts 02109, for the following purposes:

1. To elect the three nominees named in the proxy statement as Class II directors, each to serve for a three-year term and until their respective successors are duly elected and qualified.
2. To approve, on an advisory, non-binding basis, the compensation of our named executive officers.
3. To ratify the appointment of McGladrey LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2016.
4. To approve the Northeast Bancorp Senior Executive Incentive Plan.
5. To consider and act upon any other matters that are properly brought before the annual meeting and at any adjournments or postponements thereof. At this time we are not aware of any such other matters.

You may vote if you were a holder of shares of voting common stock of record as of the close of business on September 25, 2015. If you do not plan to attend the meeting and vote your shares of voting common stock in person, we urge you to vote your shares as instructed in the proxy statement. Please complete, date, sign and return the accompanying proxy card, or submit your proxy electronically via the Internet or telephone.

If your shares of voting common stock are held by a broker, bank or other nominee, please follow the instructions you receive from your broker, bank or other nominee to have your shares of voting common stock voted.

Any proxy may be revoked at any time prior to its exercise at the annual meeting.

By Order of the Board of Directors

Date: October 9, 2015

Suzanne M. Carney
Clerk

**Important Notice Regarding the Availability of Proxy Materials for
the Annual Meeting of Shareholders to be Held on November 20, 2015**

We have adopted the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their shareholders over the Internet. We believe that this expedites shareholders' receipt of proxy materials and lowers the costs of our annual meeting. On or about October 9, 2015, we mailed a Notice of Internet Availability of Proxy Materials (the "Notice") to all shareholders of record of voting common stock as of September 25, 2015, containing instructions on how to access our proxy statement, Form 10-K and annual report and vote your shares. The Notice also contains instructions on how you can (i) receive a paper copy of the proxy materials, if you only received a Notice by mail, or (ii) elect to receive your proxy materials over the Internet.

The proxy statement and annual report to shareholders are available at <http://www.investorvote.com/NBN>.

NORTHEAST BANCORP

500 Canal Street
Lewiston, Maine

PROXY STATEMENT

This proxy statement is being first made available to shareholders of Northeast Bancorp on or about October 9, 2015, and is being furnished in connection with the solicitation of proxies by the Board of Directors of Northeast Bancorp for use at the 2015 annual meeting of shareholders of Northeast Bancorp to be held on Friday, November 20, 2015 at 10:00 a.m., Eastern Time, at the offices of Goodwin Procter LLP located at Exchange Place, 53 State Street, Boston, Massachusetts 02109, and at any adjournments or postponements thereof. For directions to attend the annual meeting, please visit <http://www.edocumentview.com/NBN>.

In this proxy statement, the terms "Northeast," "the company," "we," "our" and "us" refer to Northeast Bancorp and its subsidiaries.

**Important Notice Regarding the Availability of Proxy Materials
for the Annual Meeting of Shareholders To Be Held on Friday, November 20, 2015**

We have adopted the Securities and Exchange Commission (the "SEC") rule allowing companies to furnish proxy materials to their shareholders over the Internet. We believe that this expedites shareholders' receipt of proxy materials and lowers the costs of our annual meeting. On or about October 9, 2015, we mailed a Notice of Internet Availability of Proxy Materials (the "Notice") to all shareholders of record of voting common stock as of September 25, 2015, containing instructions on how to access our proxy statement, Form 10-K and annual report and vote your shares. The Notice also contains instructions on how you can (i) receive a paper copy of the proxy materials, if you only received a Notice by mail, or (ii) elect to receive your proxy materials over the Internet.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Why am I receiving this proxy statement?

You are receiving this proxy statement and the enclosed proxy card because our Board of Directors is soliciting your proxy to vote at the 2015 annual meeting of shareholders. This proxy statement contains detailed information you need to know in order to vote at the annual meeting. The proxy card is used for voting on the proposals.

What am I voting on?

You are being asked to vote on the following items at the annual meeting:

1. To elect the three nominees named in the proxy statement as Class II directors, each to serve for a three-year term and until their respective successors are duly elected and qualified.
2. To approve, on an advisory, non-binding basis, the compensation of our named executive officers.
3. To ratify the appointment of McGladrey LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2016.
4. To approve the Northeast Bancorp Senior Executive Incentive Plan.

5.

To consider and act upon any other matters that are properly brought before the annual meeting and at any adjournments or postponements thereof. At this time we are not aware of any such other matters.

Who is entitled to vote?

If you were a shareholder of record of voting common stock (a "Voting Shareholder") as of the close of business on September 25, 2015, the record date, you are entitled to receive notice of the annual meeting and to vote the shares of voting common stock that you held as of the close of business on the record date, if any.

May I attend the meeting?

All shareholders of record at the close of business on the record date, or their designated proxies, are authorized to attend the annual meeting. Each shareholder of record and proxy will be asked to present a valid government-issued photo identification, such as a driver's license or passport, before being admitted. If you are not a shareholder of record but you hold your shares in "street name," you should provide proof of beneficial ownership as of the record date, such as an account statement reflecting your stock ownership as of the record date, a copy of the voting instruction card provided by your broker, bank or other nominee, or other similar evidence of ownership. We reserve the right to determine the validity of any purported proof of beneficial ownership. If you do not have proof of ownership, you may not be admitted to the annual meeting. Cameras, recording devices and other electronic devices will not be permitted, and attendees may be subject to security inspections and other security precautions.

What constitutes a quorum?

The presence, in person or by proxy, of holders of at least a majority of the total number of outstanding shares of voting common stock entitled to vote is necessary to constitute a quorum for the transaction of business at the annual meeting. As of the record date, there were 8,550,466 shares of voting common stock outstanding and entitled to vote at the annual meeting. Each share of voting common stock outstanding on the record date is entitled to one vote on each matter properly submitted at the annual meeting and, with respect to the election of directors, one vote for each director to be elected. Abstentions and "broker non-votes" (i.e., shares represented at the meeting held by brokers, as to which instructions have not been received from the beneficial owners or persons entitled to vote such shares and with respect to which, on one or more but not all matters, the broker does not have discretionary voting power to vote such shares) will be counted for purposes of determining whether a quorum is present for the transaction of business at the annual meeting.

How do I vote?

Voting in Person at the Meeting. If you are a Voting Shareholder as of the record date and attend the annual meeting, you may vote in person at the meeting. If your shares of voting common stock are held in street name and you wish to vote in person at the meeting, you will need to obtain a proxy from the broker, bank or other nominee that holds your shares of voting common stock of record.

Voting by Proxy for Shares Registered Directly in Your Name. If you hold your shares of voting common stock in your own name as a holder of record with our transfer agent, Registrar and Transfer Company, you may instruct the proxy holders named in the proxy card how to vote your shares of voting common stock in one of the following ways:

Internet Voting. You may provide voting instructions via the Internet by following the instructions provided on your proxy card. The website for Internet proxy voting is printed on your proxy card. Please have your proxy card in hand. Internet proxy voting is available 24 hours per day

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until 3:00 a.m., Eastern Time, on November 20, 2015. You will receive a series of instructions that will allow you to provide voting instructions to your proxy agents for your shares of voting common stock. You will also be given the opportunity to confirm that your instructions have been properly recorded. If you provide voting instructions via the Internet, you do not need to return your proxy card.

Telephone Voting. You also have the option to provide voting instructions by calling the toll-free number listed on your proxy card. Telephone proxy voting is available 24 hours per day until 3:00 a.m., Eastern Time, on November 20, 2015. When you call, please have your proxy card in hand. You will receive a series of voice instructions that will allow you to provide voting instructions to your proxy agents for your shares of voting common stock. You will also be given the opportunity to confirm that your instructions have been properly recorded. If you vote by telephone, you do not need to return your proxy card.

Voting by Mail. If you would like to provide voting instructions to your proxy agents by mail, then please mark, sign and date your proxy card and return it promptly to our transfer agent, Registrar and Transfer Company, in the postage-paid envelope provided.

Voting by Proxy for Shares Registered in Street Name. If your shares of voting common stock are held in street name, you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares of common stock voted.

Will other matters be voted on at the annual meeting?

We are not currently aware of any other matters to be presented at the annual meeting other than those described in this proxy statement. If any other matters not described in the proxy statement are properly presented at the meeting, any proxies received by us will be voted in the discretion of the proxy holders.

May I revoke my proxy instructions?

You may revoke your proxy at any time before it has been exercised by:

Filing a written revocation with the Clerk of Northeast Bancorp, 500 Canal Street, Lewiston, Maine 04240;

Submitting a new proxy by telephone, Internet or proxy card after the time and date of the previously submitted proxy; or

Appearing in person and voting by ballot at the annual meeting.

If you are a Voting Shareholder as of the record date attending the annual meeting, you may vote in person whether or not a proxy has been previously given, but your presence (without further action) at the annual meeting will not constitute revocation of a previously given proxy.

What is householding?

If you and other residents at your mailing address own shares of voting common stock in street name, your broker, bank or other nominee may have sent you proxy materials indicating that your household will receive only one annual report and proxy statement. This procedure, known as "householding," is intended to reduce the volume of duplicate information shareholders receive and also reduce our printing and postage costs. Under applicable law, if you consented or were deemed to have consented, your broker, bank or other nominee may send one copy of our annual report and proxy statement to your address for all residents that own shares of voting common stock in street name. If you wish to revoke your consent to householding, you must contact your broker, bank or other

nominee. If you are receiving multiple copies of our annual report and proxy statement, you may be able to request householding by contacting your broker, bank or other nominee.

If you wish to request extra copies free of charge of our annual report or proxy statement, please send your request to our executive offices at c/o Suzanne Carney, Clerk, Northeast Bancorp, 500 Canal Street, Lewiston, Maine 04240 or visit the "Investor Relations" tab at www.northeastbank.com/about-us.

How can I access Northeast's proxy materials electronically?

This proxy statement and our 2015 annual report are available on the company's website and at <http://www.investorvote.com/NBN>.

CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS

The Board of Directors

The Board of Directors, which is elected by the Voting Shareholders, is responsible for the overall management of the business and affairs of Northeast. It has the ultimate decision-making authority, except with respect to those matters reserved to shareholders. The Board and its committees review Northeast's long-term strategic plans and exercise direct decision-making authority in a number of areas, such as declaring a dividend. The Board of Directors selects, advises and monitors the performance of the senior management team, which is charged with the conduct of Northeast's business and the implementation of the Board's strategic plan. The Board of Directors also reviews development and succession plans for Northeast's senior executive officers, as needed.

The Board of Directors currently consists of eight members divided into three classes. Class I directors are Robert R. Glauber and Richard Wayne; Class II directors are Matthew B. Botein, Cheryl Lynn Dorsey and Peter W. McClean; and Class III directors are John C. Orestis, David A. Tanner and Judith E. Wallingford. The terms of the Class II directors will expire at the 2015 annual meeting.

Directors of the Company are also directors of Northeast Bank (the "Bank"), which is a wholly-owned subsidiary of Northeast.

Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines that govern the structure of the Board of Directors and outline the Board's policies on a number of Northeast's corporate governance issues and procedures. These guidelines embody long-standing practices of Northeast and also include procedures designed to incorporate current corporate governance best practices. Northeast's corporate governance practices are designed to align the interests of the Board and management with those of Northeast's shareholders and to promote honesty and integrity throughout the company. The Corporate Governance Guidelines are available on the company's website under the "Investor Relations" tab at www.northeastbank.com/about-us.

Director Qualifications and Independence

Applicable rules of The NASDAQ Stock Market, the exchange on which Northeast's voting common stock is listed, and the Corporate Governance Guidelines require that the Board of Directors consist of a majority of independent directors.

The Board of Directors evaluates the relationships between each director (or his or her immediate family members and related interests) and the company to determine a directors' independence under the NASDAQ Listing Rules. Based on that review, the Board of Directors has affirmatively determined that each director, other than Mr. Wayne, is independent under the NASDAQ Listing Rules.

Executive Sessions of the Board

As provided in the Corporate Governance Guidelines, the independent directors meet in executive session at least four times per year following a meeting of the Board of Directors. The chairman of the Nominating and Corporate Governance Committee (the "Governance Committee") presides at these sessions.

Board Attendance and Annual Meeting Policy

It is the Company's policy that directors should make every effort to attend each meeting of the Board of Directors, each meeting of the committees on which they serve, and the annual meeting of shareholders. During the fiscal year ended June 30, 2015 (the "2015 fiscal year"), there were 12 meetings of the Board of Directors, and each of the directors attended at least 75% of the meetings of the Board of Directors (held during the period for which he or she had been a director) and committees on which he or she served (during the periods that he or she served). Directors are expected to attend annual meetings of shareholders in person unless doing so is impracticable due to unavoidable conflicts. Six directors of Northeast attended the 2014 annual meeting of shareholders.

Board Leadership

In accordance with the company's bylaws, the Board elects an independent director as the Chairman of the Board and also appoints the President, who also serves as Chief Executive Officer. Robert Glauber serves as Northeast's Chairman of the Board, and Richard Wayne serves as President and Chief Executive Officer of the company. The Chairman and the President and Chief Executive Officer work closely to ensure that the strategic goals of Northeast's management team are in line with the risk and governance oversight objectives of the Board of Directors.

The Chairman is responsible for the management, development and effective functioning of the Board and provides leadership in every aspect of the Board's oversight of the company. The Chairman also acts in an advisory capacity to the President and Chief Executive Officer, and to other executive officers in matters concerning the interests of the company and the Board, as well as serving as the liaison between management and the Board.

Board Committee Membership and Meetings

The committees of the Board of Directors include an Audit Committee, Compensation Committee, Governance Committee and Risk Management Committee. These committees assist the Board in fulfilling its responsibilities. All of the members of the committees are nominated by the Governance Committee and appointed by the Board of Directors. Members of these committees are elected annually at the Board of Directors' meeting following the annual meeting of shareholders. Each of these committees is composed entirely of independent directors. Each of the Audit Committee, the Compensation Committee, the Governance Committee and the Risk Management Committee operates under a committee charter approved by the Board of Directors setting out the purposes and responsibilities of the committee.

Audit Committee	Compensation Committee	Governance Committee	Risk Management Committee
Judith E. Wallingford, Chair	Peter W. McClean, Chair	Robert R. Glauber, Chair	Peter W. McClean, Chair
Peter W. McClean John C. Orestis	Cheryl Lynn Dorsey Robert R. Glauber	Cheryl Lynn Dorsey John C. Orestis Judith E. Wallingford	Matthew B. Botein Judith E. Wallingford David A. Tanner

Audit Committee. The Audit Committee currently consists of Ms. Wallingford and Messrs. McClean and Orestis. Each member of the Audit Committee is independent under the

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NASDAQ Listing Rules and meets the criteria for independence as set forth in the SEC rules applicable to an audit committee.

The Audit Committee (i) oversees the accounting, financial reporting and internal control processes and the audits of financial statements; (ii) takes, or recommends that the Board take, appropriate action to oversee the qualifications, independence and performance of independent auditors; and (iii) prepares the report required by the rules of the SEC to be included in the proxy statement.

The Audit Committee held eight meetings during the 2015 fiscal year. The Board of Directors has determined that each of Ms. Wallingford and Mr. McClean qualifies as an "audit committee financial expert" as that term is defined in the rules of the SEC. The Audit Committee's charter is available on the company's website under the "Investor Relations" tab at www.northeastbank.com/about-us.

Compensation Committee. The Compensation Committee currently consists of Messrs. McClean and Glauber and Ms. Dorsey. Each member of the Compensation Committee is independent under the NASDAQ Listing Rules.

The Compensation Committee oversees overall compensation structure, policies and programs, reviews processes and procedures for the consideration and determination of director and executive compensation, and is responsible for producing a report for inclusion in the proxy statement relating to the company's annual meeting of shareholders or annual report on Form 10-K, in accordance with applicable rules and regulations. The primary objective of the Compensation Committee is to develop and implement compensation policies and plans that ensure the attraction and retention of key management personnel, the motivation of management to achieve Northeast's corporate goals and strategies, and the alignment of the interests of management with the long-term interests of Northeast's shareholders.

The Compensation Committee determines the compensation of all executive officers other than the Chief Executive Officer. The Compensation Committee also reviews and makes recommendations to the full Board of Directors regarding the compensation of non-employee directors. During the 2015 fiscal year, the Compensation Committee engaged PricewaterhouseCoopers LLP to conduct market compensation reviews for its named executive officers and directors. For additional information on the Compensation Committee's process for the consideration and determination of the executive officer and director compensation and the engagement of the compensation consultant, please see "*Compensation Discussion and Analysis*."

The Compensation Committee held six meetings during the 2015 fiscal year. The Compensation Committee's charter is available on the company's website under the "Investor Relations" tab at www.northeastbank.com/about-us.

Governance Committee. The Governance Committee currently consists of Messrs. Glauber and Orestis and Ms. Dorsey and Wallingford. Each member of the Governance Committee is independent under the NASDAQ Listing Rules.

The Governance Committee is responsible for identifying individuals qualified to become board members, consistent with criteria approved by the Board, and recommending that the Board select the director nominees for election at each annual meeting of shareholders. The Governance Committee is also responsible for developing and recommending to the Board a set of corporate governance guidelines applicable to Northeast, periodically reviewing such guidelines and recommending any changes thereto, and overseeing the evaluation of the Board and management.

The Governance Committee held two meetings during the 2015 fiscal year. The Governance Committee Charter is available on the company's website under the "Investor Relations" tab at www.northeastbank.com/about-us.

Risk Management Committee. The Risk Management Committee currently consists of Messrs. McClean, Botein and Tanner and Ms. Wallingford. The Risk Management Committee monitors and approves the company's levels of risk tolerance and related metrics on a comprehensive, enterprise-wide basis, as well as identifying and monitoring key risks individually, approving levels of risk tolerance for each, and evaluating arrangements for the management thereof. The Risk Management Committee further provides a forum for consideration and discussion of trends and emerging risks.

The Risk Management Committee held six meetings during the 2015 fiscal year.

Risk Oversight

The Board of Directors plays an important role in the risk oversight of the company and is involved in risk oversight through direct decision-making authority with respect to significant matters, including the development of limits and specific risk tolerances, and the oversight of management by the Board of Directors and its committees. The Board of Directors and its committees also are each directly responsible for considering risks and the oversight of risks relating to decisions that each committee is responsible for making. In light of Northeast's overall business, market and regulatory framework under which Northeast operates, and the complexities of Northeast's operations as a whole, the Board has established a Risk Management Committee, tasked with specific responsibility for direct oversight of the risks inherent in Northeast's business, along with management of the enterprise-wide risk management program.

In addition to the Risk Management Committee, the Board of Directors administers its risk oversight function through (1) the review and discussion of regular periodic reports to the Board of Directors and its committees on topics relating to the risks that Northeast faces, including, among others, credit risk, interest rate risk, regulatory risk and various other matters relating to Northeast's business; (2) the required approval by the Board of Directors (or a committee thereof) of significant transactions and other decisions, including, among others, final budgets, material uses of capital, strategic direction, and executive management hiring and promotions; (3) the direct oversight of specific areas of Northeast's business by the Risk Management Committee, the Audit Committee, the Compensation Committee, and the Governance Committee; and (4) regular periodic reports from the company's internal and external auditors and other third party consultants regarding various areas of potential risk, including, among others, those relating to the company's internal controls and financial reporting. The Board of Directors also relies on management to bring significant matters impacting the company to the Board's attention.

Consideration of Director Nominees

Shareholder Recommendations. The Governance Committee's current policy is to review and consider any director candidates who have been recommended by shareholders in compliance with the procedures established from time to time by the Governance Committee and set forth in the Governance Committee charter. All shareholder recommendations for director candidates must be submitted to Corporate Clerk at Northeast Bancorp, 500 Canal Street, Lewiston, ME 04240, who will forward all recommendations to the Governance Committee.

Board Membership Criteria. The Governance Committee has established criteria for the Governance Committee-recommended director nominees. These criteria include the following specific, minimum qualifications that the Governance Committee believes must be met by each Governance Committee-recommended nominee for a position on the Board:

The nominee shall have experience at a strategic or policymaking level in a business, government, non-profit or academic organization of high standing.

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The nominee shall be highly accomplished in his or her respective field, with superior credentials and recognition.

The nominee shall be well regarded in the community and shall have a long-term reputation for the highest ethical and moral standards.

The nominee shall have sufficient time and availability to devote to the affairs of the company, particularly in light of the number of boards on which the nominee may serve.

To the extent such nominee serves or has previously served on other boards, the nominee shall have a demonstrated history of actively contributing at board meetings.

In addition to the minimum qualifications for each nominee set forth above, the Governance Committee shall recommend that the Board select persons for nomination to help ensure that:

A majority of the Board shall be independent under the NASDAQ Listing Rules.

Each of its Audit, Compensation, Governance and Risk Management Committees shall be comprised entirely of independent directors.

At least one member of the Audit Committee shall have such experience, education and other qualifications necessary to qualify as an "audit committee financial expert" as defined by the rules of the SEC.

Finally, in addition to any other standards the Governance Committee may deem appropriate from time to time for the overall structure and composition of the Board, the Governance Committee may consider the following factors when recommending that the Board select persons for nomination:

Whether the nominee has direct experience in the financial services industry or in the markets in which the company operates.

Whether the nominee, if elected, assists in achieving a mix of Board members that represents a diversity of background and experience.

Identifying and Evaluating Nominees. The Governance Committee may solicit recommendations for director nominees from any or all of the following sources: non-management directors, the Chief Executive Officer, other executive officers, third-party search firms or any other source it deems appropriate.

The Governance Committee will review and evaluate the qualifications of any proposed director candidate that it is considering or has been recommended to it by a shareholder in compliance with the Governance Committee's procedures for that purpose, and conduct inquiries it deems appropriate into the background of these proposed director candidates. In identifying and evaluating proposed director candidates, the Governance Committee may consider, in addition to the minimum qualifications for Governance Committee-recommended director nominees, all facts and circumstances that it deems appropriate or advisable, including, among other things, the skills of the proposed director candidate, his or her depth and breadth of business experience, his or her independence and the needs of the Board. Neither the Governance Committee nor the Board has a specific policy with regard to the consideration of diversity in identifying director nominees, although both may consider diversity when identifying and evaluating proposed director candidates. As noted above, the Governance Committee, when recommending director candidates to the full Board for nomination, may consider whether a director candidate, if elected, assists in achieving a mix of Board members that represents a diversity of background and experience. Other than circumstances in which Northeast may be legally required by contract or otherwise to provide third parties with the ability to nominate directors, the Governance Committee will evaluate all proposed director candidates that it considers or who have been properly recommended to it by a shareholder based on the same criteria and in substantially the same manner, with no regard to the source of the initial recommendation of the proposed director candidate.

Communications with Directors

The Board of Directors has established a process for shareholders and other interested parties to communicate with the Board or a particular director. A shareholder may send a letter to Northeast Bancorp, Attention: Corporate Clerk, 500 Canal Street, Lewiston, ME 04240. The mailing envelope should contain a clear notation indicating that the enclosed letter is a "Board communication" or "director communication." All such letters should state whether the intended recipients are all members of the Board or just certain specified individual directors. The Corporate Clerk will circulate the communications (with the exception of commercial solicitations) to the appropriate director or directors. Communications marked "Confidential" will be forwarded unopened. A log of all correspondence addressed to the directors will be kept for periodic review by the Governance Committee and any other interested director.

Code of Ethics

The Board has adopted a Code of Ethics that applies to all of the directors, officers and employees, including its principal executive officer, principal financial officer and principal accounting officer. The company is committed to the highest standards of ethical and professional conduct, and the Code of Ethics provides guidance in how to uphold these standards. The Code of Ethics consists of basic standards of business practice as well as professional and personal conduct. Any material amendments to, or waivers of, the Code of Ethics (to the extent applicable to the principal executive officer, principal financial officer or principal accounting officer) will be promptly disclosed by the company. The Governance Committee has been charged with reviewing and reassessing the adequacy of the Code of Ethics annually and recommending any proposed changes to the Board for approval. The Code of Ethics is available on the company's website under the "Investor Relations" tab at www.northeastbank.com/about-us. A copy of this Code is also available in print to any shareholder upon written request addressed to Suzanne Carney, Corporate Clerk, 500 Canal Street, Lewiston, Maine 04240.

**PROPOSAL 1
ELECTION OF DIRECTORS**

Introduction

The Board of Directors consists of eight members divided into three classes: Class I, Class II and Class III. At the 2015 annual meeting, three Class II directors will be elected to serve for a three-year term until the 2018 annual meeting of shareholders and until their respective successors are duly elected and qualified. Following the recommendation of the Governance Committee, the Board has nominated all of the current Class II directors for re-election.

Vote Required

Directors are elected by a plurality of the votes cast by the holders of shares of voting common stock present in person or represented by proxy and entitled to vote on the election of directors at the annual meeting. Votes may be cast for or withheld from each nominee. Votes cast for the nominees will count as "yes" votes. Votes that are withheld from the nominees will not be voted with respect to the director or directors indicated. Withheld votes and broker non-votes will have no effect on the outcome of the director elections.

Recommendation

The Board of Directors unanimously recommends a vote *FOR* its nominees, Matthew B. Botein, Cheryl Lynn Dorsey and Peter W. McClean. Properly authorized proxies solicited by the Board will be voted *FOR* each of the nominees unless instructions to the contrary are given.

Information Regarding the Nominees, Other Directors and Executive Officers

The following biographical descriptions set forth certain information with respect to the nominees for election as directors at the annual meeting, each director who is not standing for election and the executive officers who are not directors, based on information furnished to the company by each nominee, director and executive officer. Each executive officer holds office until the regular meeting of the Board of Directors following the next annual meeting of shareholders and until his or her successor is duly elected and qualified or until his or her earlier resignation or removal.

The biographical description below for each nominee includes the specific experience, qualifications, attributes and skills that led to the conclusion by the Board of Directors that such person should serve as a director of Northeast. The biographical description of each director who is not standing for election includes the specific experience, qualifications, attributes and skills that the Board of Directors would expect to consider if it were making a conclusion currently as to whether such person should serve as a director. The Board of Directors did not currently evaluate whether these directors should serve as directors, as the terms for which they have been previously elected continue beyond the annual meeting.

Directors with Terms Expiring 2015

Matthew B. Botein, 42, has been a director of Northeast and the Bank since December 29, 2010. He is also global chief investment officer and co-head of BlackRock Alternative Investors (BAI) and serves as a member of the Global Operating Committee of BlackRock Inc. BAI includes BlackRock's hedge funds and opportunistic funds, funds of hedge funds, private equity, private equity funds of funds, real estate, and real assets. Prior to joining BlackRock in 2009, Mr. Botein was a Managing Director and member of the Management Committee at Highfields Capital Management, a Boston-based private investment partnership. At Highfields, he was responsible for a portfolio of

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financial services investments, as well as certain other private equity holdings. Previously, he was a member of the private equity departments at The Blackstone Group and Lazard Frères & Co. LLC.

He is a director of PennyMac Financial Services (NYSE: PFSI) and Alliance Partners LLC. He previously served on the boards of PennyMac Mortgage Investment Trust (NYSE: PMT), Aspen Insurance Holdings Limited (NYSE: AHL), First American Corporation (NYSE: FAF) and CoreLogic Inc. (NYSE: CLGX). He also serves on the Board of Trustees of Beth Israel Deaconess Medical Center, the CareGroup/CJP Board of Managers and the Exceptional Care Without Exception Trust of Boston Medical Center.

Mr. Botein has an AB, *magna cum laude*, from Harvard College and an MBA with High Distinction from Harvard Business School, where he was a Baker Scholar and a Loeb Scholar.

We believe that Mr. Botein's qualifications to serve on the Board of Directors include his extensive experience relating to finance, strategic planning and executive leadership.

Cheryl Lynn Dorsey, 52, has been a director of Northeast and the Bank since December 29, 2010. She has also been the President of Echoing Green, a global nonprofit that sparks transformative social change by investing in emerging social entrepreneurs and their bold ideas to build a more equitable world, since May 2002.

Ms. Dorsey served as a White House Fellow from 1997 to 1998, serving as Special Assistant to the U.S. Secretary of Labor, advising the Clinton Administration on health care and other issues. She was later named Special Assistant to the Director of the Women's Bureau of the U.S. Labor Department, where she helped develop family-friendly workplace policies and spearheaded the labor secretary's pay equity initiative. She was most recently appointed Vice-Chair of the President's Commission on White House Fellowships, after serving as a team member of the Innovation and Civil Society subgroup of the Obama Presidential Transition's Technology, Innovation, and Government Reform Policy Working Group. She was named one of "America's Best Leaders" in 2009 by U.S. News & World Report and the Center for Public Leadership at the John F. Kennedy School of Government at Harvard University.

Ms. Dorsey serves on the Harvard University Board of Overseers and the SEED Foundation. She is a 2006 Henry Crown Fellow through the Aspen Institute, a 2007 Prime Movers Fellow through the Hunt Alternatives Fund, and a member of the John F. Kennedy School of Government's Visiting Committee.

She holds a B.A. in History and Science from Harvard-Radcliffe Colleges, an M.D. from the Harvard Medical School and an M.P.P. from the John F. Kennedy School of Government.

We believe that Ms. Dorsey's qualifications to serve on the Board of Directors include her extensive experience in executive leadership, management and strategic planning.

Peter W. McClean, 71, has been a director of Northeast and the Bank since December 29, 2010. He has also been the Managing Director of Gulfstream Advisors LLC, a private advisory firm focused on risk management and strategic planning, since 2004. He is also a Senior Adviser to the Committee on Capital Markets Regulation, an independent and nonpartisan research organization dedicated to improving the regulation of U.S. capital markets. He is a director of an investment entity of Private National Mortgage Acceptance Co. ("PennyMac"), a specialty asset management firm created to address the dislocations in the U.S. mortgage market, and a director of several mutual funds advised by USAZ, a subsidiary of Allianz AG, and a director of Cyrus Reinsurance.

From 2001 through 2003, Mr. McClean was the president and chief executive officer of Measurisk LLC, an independent provider of sophisticated risk information for hedge funds, fund of funds, pension funds and other investment managers of complex, multi-asset class investment portfolios. The company was sold to Bear Stearns in late 2003. Before joining Measurisk he served as the chief risk management officer of The Bank of Bermuda Limited from 1996 until 2001. In this position he led

an enterprise-wide risk management function responsible for credit and market risk policy as well as operational risk policy.

Mr. McClean has an undergraduate degree from Northern Arizona University and a B.S. in International Business from Thunderbird The Garvin School of International Business. He has also attended graduate and executive courses at the Harvard Business School and the Columbia University School of Business.

We believe Mr. McClean's qualifications to serve on the Board of Directors include his extensive experience in executive management, risk management and strategic planning.

Directors with Terms Expiring 2016

John C. Orestis, 72, has been a director of Northeast and the Bank since 2007. Mr. Orestis has been the owner, Treasurer and Chief Development Officer of Schooner Estates Retirement Community in Auburn, Maine since 2006 as well as the President and Chief Executive Officer of North Country Associates in Lewiston, Maine since 1987. Mr. Orestis received his A.B. from Georgetown University and his Juris Doctorate from American University and was a senior Partner at Skelton, Taintor, Abbott & Orestis, Attorneys from 1968 to 1987, specializing in business and tax law. Mr. Orestis has served on many government and civic organizations throughout Maine, including the Maine Healthcare Association and the Maine Economic Growth Council. Mr. Orestis was the former mayor of the city of Lewiston and is widely recognized by many of the Bank's customers as having a particular interest in senior citizens by virtue of his substantial investment in senior care.

We believe that Mr. Orestis' qualifications to serve on the Board of Directors include his business and legal experience, and his connections to the Maine community.

David A. Tanner, 56, has been a director of Northeast and the Bank since December 29, 2010. He is also the Managing Director of Arlon Group LLC, the investment group affiliated with Continental Grain Company, and has served as Executive Vice President and a member of the Management Committee of Continental Grain Company since 2006. Previously, Mr. Tanner served as a Founder and Managing Principal of Quadrangle Group, LLC from 2000 to 2006; Managing Director at Lazard Freres & Co. and Managing Principal at Lazard Capital Partners from 1998 to 2000; and Managing Director at Warburg Pincus LLC, with which he was associated from 1986-1997.

Mr. Tanner serves on the Boards of Directors of Wholesome Sweeteners, Inc., The Coastal Companies, Door to Door Organics, Inc., and Carlile Bancshares, Inc.

Mr. Tanner is also the Chairman of the Board of Trustees of Montefiore Health System, Trustee of the Albert Einstein College of Medicine, Trustee of the New York University School of Law, and Director of Lawyers for Children.

Mr. Tanner received his Bachelor of Arts degree with honors in History from Princeton University, his Diploma of Economics from the London School of Economics, and his Juris Doctor from the New York University School of Law.

We believe that Mr. Tanner's qualifications to serve on the Board of Directors include his extensive experience in executive leadership, strategic planning and corporate governance.

Judith E. Wallingford, 59, has been a director of Northeast and the Bank since 1994. Ms. Wallingford is the President of The Maine Water Company, a water utility serving various communities in Maine, and prior to that served as Treasurer and Controller for Consumers Water Company. Ms. Wallingford joined the Board as a result of Northeast's acquisition of Brunswick Federal Savings, F.A.

Ms. Wallingford is a Certified Management Accountant and holds a BA from Bowdoin College.

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We believe that Ms. Wallingford's qualifications to serve on the Board of Directors include her knowledge of executive management, finance and accounting, and general business acumen.

Directors with Terms Expiring 2017

Robert R. Glauber, 76, has been a director of Northeast and the Bank since December 29, 2010. He is also a Lecturer at Harvard's Kennedy School of Government and was a Visiting Professor at Harvard Law School in 2007 and 2009. Previously, he served as Chairman and Chief Executive Officer of NASD (now FINRA), the private-sector regulator of the U.S. securities markets, from September 2001 to September 2006, after becoming NASD's Chief Executive Officer in November 2000.

Prior to becoming an officer at NASD, he was a Lecturer at the Kennedy School from 1992 until 2000, Under Secretary of the Treasury for Finance from 1989 to 1992 and previously to that, was a Professor of Finance at the Harvard Business School for 25 years. From 1987 to 1988, Mr. Glauber served as Executive Director of the Task Force ("Brady Commission") appointed by President Reagan to report on the 1987 stock market crash.

Mr. Glauber has served on the Boards of the Federal Reserve Bank of Boston, Freddie Mac, Moody's Corporation, a number of Dreyfus mutual funds, the Investment Company Institute, as Vice Chairman of the Trustees who appoint and oversee the International Accounting Standards Board, Quadra Realty Trust, Inc., the Korean Financial Supervisory Service's International Advisory Board, and as president of the Metropolitan Opera Club and Boston Economic Club. Mr. Glauber presently is a director of XL Capital Ltd., Pioneer Global Asset Management, S.p.A., the Metropolitan Opera Guild, and as an overseer of the Boston Symphony Orchestra. He has been a Senior Advisor at Peter J. Solomon Co., an investment bank, since November 2006. Mr. Glauber graduated from Harvard College and received his doctorate from Harvard Business School.

We believe that Mr. Glauber's qualifications to serve on the Board of Directors include his extensive experience relating to finance, corporate governance and management.

Richard Wayne, 63, has been the President and Chief Executive Officer and a director of Northeast and the Bank since December 29, 2010. He co-founded Capital Crossing Bank (formerly known as Atlantic Bank) located in Boston, Massachusetts in 1988. He served as President and Co-Chief Executive Officer from 1991 until its sale in February 2007. Capital Crossing Bank, a national leader in the acquisition and management of loans secured by commercial and multi-family real estate and business assets, purchased loans with aggregate customer balances in excess of \$2 billion.

Mr. Wayne holds a B.S. in Accounting from Syracuse University, a J.D. from Suffolk University Law School, and a Masters in Taxation from Boston University School of Law.

We believe that Mr. Wayne's qualifications to serve on the Board of Directors include his demonstrated experience in executive leadership, management and banking.

Executive Officers who are not Directors

Claire Bean, 63, has been the Chief Operating Officer of Northeast and the Bank since December 2010. She has a 29-year record in financial services in the Greater Boston area. Her experience encompasses nearly every aspect of banking, with a focus in balance sheet management, strategic planning, financial management, commercial credit oversight, operations and information technology. Most recently, she served as Executive Vice President and Chief Financial Officer of Benjamin Franklin Bancorp, where she managed the company's initial public offering and simultaneous acquisition of Chart Bank in 2005. In the 1990s she was Chief Operating Officer and Treasurer of Grove Bank in Chestnut Hill, Massachusetts, and subsequently co-founded and served as Chief Operating Officer of Lighthouse Bank, an Internet bank based in Waltham, Massachusetts.

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From 2002 to 2004, Ms. Bean worked in international economic development in Central Asia and Russia, serving as director of several microfinance programs designed to provide economic opportunity to the poor. Currently, Ms. Bean serves on the Board of REACH Beyond Domestic Violence.

Ms. Bean is a *cum laude* graduate of Tufts University, and holds an MBA from the University of Rochester.

Brian Shaughnessy, 32, has been the Chief Financial Officer of Northeast and the Bank since January 2015. He joined the company directly from KPMG LLP where he worked since 2005, most recently serving in the audit practice as a Senior Manager from 2012 to 2015, and as a Manager from 2010 to 2012. His responsibilities at KPMG LLP included providing professional audit services to clients in the banking sector.

Mr. Shaughnessy is a Certified Public Accountant and received a B.S. and a M.S. in Accountancy from Bentley University.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below sets forth, as of September 25, 2015, the number of shares of our voting common stock that were owned beneficially by:

Each person who is known by us to beneficially own more than 5% of our common stock;

Each director;

Each named executive officer; and

All of our directors and executive officers as a group.

Unless otherwise indicated, the address of each of the individuals listed in the table is c/o Northeast Bancorp, 500 Canal Street, Lewiston, Maine 04240.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership Number of Shares(1)	Percent of Class(1)(2)
Directors and Certain Executive Officers		
Robert Glauber	81,314(3)	*
Matthew Botein	62,500	*
Cheryl Dorsey		
Peter McClean	11,250	*
John Orestis	60,000	*
David Tanner	(4)	
Judith Wallingford	25,000	*
Richard Wayne	396,676(5)	4.64%
Claire Bean	210,313(6)	2.46%
Brian Shaughnessy	7,500	*
All directors and executive officers as a group (10 persons)	854,553(7)	9.82%
Other Beneficial Holders		
Arlon Capital Partners II LP(8) 277 Park Avenue New York, NY 10172	851,859	9.96%
Magnolia Capital Partners, LLC(9) 15 E. 5 th Street, Suite 3200 Tusla, OK 74103	851,860	9.96%
Wellington Management Company, LLP(10) 280 Congress Street Boston, MA 02210	850,040	9.94%
East Rock Capital, LLC(11) 10 East 53 rd Street, 31 st Floor New York, NY 10022	671,939	7.86%
Bay Pond Partners, L.P.(12) 280 Congress Street Boston, MA 02210	444,800	5.20%

*
Less than 1%

Unless otherwise indicated, the address of each of the individuals listed in the table is c/o Northeast Bancorp, 500 Canal Street, Lewiston, Maine 04240.

(1)

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Beneficial ownership is determined in accordance with the rules of the SEC, and includes voting and investment power with respect to shares. Pursuant to the rules of the SEC, the number of shares of voting common stock deemed outstanding includes shares issuable pursuant to options