

**NORTHEAST BANCORP
AND SUBSIDIARIES
PERSONNEL AND COMPENSATION COMMITTEE CHARTER
As Adopted February 20, 2004**

Purpose

The Personnel and Compensation Committee (the “Committee”) is appointed by the Board to discharge the Board’s responsibilities relating to (a) compensation of the directors, officers, and personnel of the Company and its Subsidiaries and (b) oversight of the Company’s hiring, promotion, and training of its personnel. The Committee has overall responsibility for approving and evaluating the director, officer and personnel compensation plans, policies, and programs of the Company and its subsidiaries.

The Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement.

Committee Membership

The Committee shall be comprised of at least three members, each of whom shall be independent directors. The term “independent directors” describes directors (a) who qualify as independent directors pursuant to the applicable regulations of the Securities and Exchange Commission, and (b) who, in the Board’s judgment, do not have a material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). The Committee members will be listed in the Company’s proxy statement.

The Committee members will be appointed by the Board of Directors each year, and the Chair of the Committee will be designated by the Board.

Committee members will serve at the pleasure of the Board and may be removed by the Board of Directors in its discretion.

Committee Meetings

- The Committee shall meet at least four (4) times annually, or more frequently as circumstances dictate.
- The Committee will submit the minutes of all meetings of the Committee to the Board of Directors.
- The Committee may request any officer or employee of the Company, or the Company’s outside advisors, or any special counsel or advisors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

Committee Authority

- The Committee shall have the authority to retain a compensation consultant to be used to assist in the evaluation of director or CEO compensation and shall have the authority to approve the consultant's fees or other retention terms.
- The Committee shall have authority to obtain advice and assistance from internal or external legal, accounting, or other advisors.
- The Committee may form and delegate authority to subcommittees when appropriate.

Committee Responsibilities

1. The Committee shall annually review and approve the compensation of all directors, including any incentive compensation plans and/or equity-based plans.
2. The Committee shall annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and recommend to the Board the CEO's compensation levels based on this evaluation.
3. The Committee shall annually review and recommend to the Board for the CEO of the Company (a) the annual base salary level, (b) the annual incentive opportunity levels, (c) any employment agreement, severance agreement, and/or change in control agreement/provision, in each case as, when and if appropriate, and (d) any special or supplemental benefits. The foregoing recommendations shall take into consideration the Company's financial performance and relative shareholder return, the economic environment and general market conditions, and the value of compensation to CEOs at comparable companies.
4. The Committee shall provide oversight of management's decisions concerning performance and compensation of other senior officers. Senior officer compensation shall include salary, bonus, incentive, and/or equity compensation.
5. The Committee shall review and approve the following with respect to the officers and personnel of the Company and its subsidiaries: regularly prepared reports reflecting new hires, terminations, and other such information as may be recommended by the Committee or the officers of the Company.
6. The Committee shall report to the Board on a regular basis and make such recommendations as it deems necessary or appropriate.
7. The Committee shall obtain the Board's approval of this Charter and review and reassess this Charter, the performance of the Committee and the Committee's role and responsibility as conditions dictate.