



June 14, 2007

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Board of Directors
Marlborough Co-operative Bank
175 Main Street
Marlborough, Massachusetts 01752

Dear Members of the Board:

The request to modify conditions to the February 19, 1999, Order and Basis for Corporation Approval (Order) to effect a merger between Marlborough Bancorp MHC, Marlborough, Massachusetts, and Butler Bancorp, MHC, Lowell, Massachusetts, has been reviewed by the Federal Deposit Insurance Corporation (FDIC) pursuant to the FDIC's regulations at 12 C.F.R. Section 303.250 and other pertinent FDIC regulations. Based on the information presented and representations made, we do not object to the request.

Enclosed is our Modified Order and Basis for Corporation Approval (Order) for the application filed on behalf of Marlborough Co-operative Bank in conjunction with the proposed merger. Our approval is subject to the conditions stated in the Order, some of which must be met on an ongoing basis. Please advise the Boston Area Office in writing when the proposed merger has been consummated.

Sincerely,

/s/

Sandra L. Thompson
Director

Enclosure

cc: Sean P. Mahoney
Kirkpatrick & Lockhart Preston Gates Ellis, LLP
One Lincoln Street
Boston, Massachusetts 02111-2950

FEDERAL DEPOSIT INSURANCE CORPORATION

RE: Marlborough Co-operative Bank
Marlborough, Middlesex County, Massachusetts

Applications for Federal Deposit Insurance and Consent to Merge

MODIFIED ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Sections 5 and 18(c) and other provisions of the Federal Deposit Insurance Act ("FDI Act"), an application has been filed on behalf of Marlborough Co-operative Bank, Marlborough, Massachusetts, ("Mutual"), a mutual-owned, Bank Insurance Fund ("BIF") member, with total resources of \$67,859,000 and total deposits of \$59,460,000 as of September 30, 1998, for the FDIC's consent to merge with Marlborough Interim Co-operative Bank, Marlborough, Massachusetts, a proposed Massachusetts-chartered, BIF member, co-operative bank. Also, applications for federal deposit insurance for Marlborough Interim Co-operative Bank, and Marlborough MHC Co-operative Bank, Marlborough, Massachusetts have been filed. In 2007, Marlborough Bancorp will subsequently merge into Butler Bancorp, MHC, and 100% of Marlborough Co-operative Bank's voting stock will be transferred to Butler Bancorp, Inc. An application for a modification to conditions has been filed substituting Butler Bancorp, Inc., and Butler Bancorp, MHC, for Marlborough Bancorp.

This transaction is the result of Mutual's plan of reorganization which, solely to facilitate this undertaking, includes:

1. Mutual will cause a new co-operative bank to be chartered under Massachusetts law, to be known as Marlborough MHC Co-operative Bank ("MHC Bank"),
2. MHC Bank will reorganize as a mutual holding company, to be known as Marlborough Bancorp ("Bancorp"),
3. Bancorp will simultaneously form a Massachusetts-chartered subsidiary co-operative bank in the stock form of organization, to be known as Marlborough Interim Co-operative Bank ("Interim"), and
4. Mutual will merge with Interim, with Interim as the legally surviving entity under the name "Marlborough Co-operative Bank".

By virtue of the merger, Mutual will transfer substantially all of its assets and liabilities to Interim, which will be a wholly-owned subsidiary of Bancorp. Following the consummation of the merger, the resultant bank will operate the same banking business,

By virtue of the merger, Mutual will transfer substantially all of its assets and liabilities to Interim, which will be a wholly-owned subsidiary of Bancorp. Following the consummation of the merger, the resultant bank will operate the same banking business, with the same management, at the same locations now being served by Mutual. The proposed transaction, per se, will not alter the competitive structure of banking in the market served by Mutual. The resultant bank's principal office will be at 175 Main Street, Marlborough, Massachusetts. Notice of the proposed transaction, in a form approved by the FDIC, has been published pursuant to the FDI Act.

A review of available information, including the Community Reinvestment Act ("CRA") Statements of the proponent, discloses no inconsistencies with the purposes of the CRA. The new institution is expected to continue to meet the credit needs of its entire community, consistent with the safe and sound operation of the institution.

In connection with the applications, the FDIC has taken into consideration the financial and managerial resources and future prospects of the proponent banks and the resultant bank, and the convenience and needs of the community to be served. Having found favorably on all statutory factors and having considered other relevant information, including all reports on the competitive factors furnished by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Office of Thrift Supervision, and the Attorney General of the United States, it is the FDIC's judgment that the applications should be and hereby are approved, subject to the following conditions:

1. That changes in proposed management, including the board of directors or proposed ownership (ten per cent or more of the stock and new acquisitions of or subscriptions to ten per cent or more of the stock), will render this approval null and void unless such proposal is approved by the Regional Director (Supervision) of the FDIC's New York Regional Office prior to the consummation of the proposed transaction.
2. Unless prior notice is provided to and non-objection is received from the FDIC, no shares of the stock of Marlborough Co-operative Bank shall be sold, transferred or otherwise disposed of, to any persons (including any Employee Stock Ownership Plan) other than Butler Bancorp, Inc.
3. That, prior to a sale, transfer or other disposition of any shares of Marlborough Co-operative Bank by Butler Bancorp, Inc., to any person (including any Employee Stock Ownership Plan), or a conversion of Butler Bancorp, MHC, to stock form, Marlborough Co-operative Bank will provide written notification to the FDIC and provide the FDIC with copies of all documents filed with state and federal banking and/or securities regulators in connection with any such sale, transfer, disposition or conversion.

4. That should any shares of stock of Marlborough Co-operative Bank or Butler Bancorp, Inc. be issued to persons other than the Butler Bancorp, MHC, any dividends waived must be retained by Marlborough Co-operative Bank or Butler Bancorp, Inc. and segregated, earmarked, or otherwise identified on its books and records; such amounts must be taken into account in any valuation of the institution and factored into the calculation used in establishing a fair and reasonable basis for exchanging shares in any subsequent conversion of Butler Bancorp, MHC, to stock form; such amounts shall not be available for payment to or the value thereof transferred to minority shareholders, by any means including through dividend payments or at liquidation.
5. That the transaction shall not be consummated sooner than fifteen calendar days after the date of this Order nor later than six months after the date of this Order unless such period is extended for good cause by the Corporation.
6. That until the conditional commitment herein granted becomes effective, the Corporation shall have the right to alter, suspend, or withdraw the said commitment should any interim development be deemed to warrant such action.

Dated at Washington, D.C., this 14th day of June, 2007.

/S/

Sandra L. Thompson
Director