



Federal Deposit Insurance Corporation
550 17th St. NW Washington DC, 20429

Division of Supervision and Consumer Protection

August 1, 2006

VIA FACSIMILE AND CERTIFIED MAIL RETURN RECEIPT REQUESTED

Board of Directors
The Braintree Co-operative Bank
1010 Washington Street
Braintree, Massachusetts 02184

Dear Members of the Board:

The Notice to effect a mutual holding company reorganization with the organization of an interim institution and a merger to facilitate a conversion from mutual form to stock form filed on behalf of The Braintree Co-operative Bank, Braintree, Massachusetts (Bank), has been reviewed by the Federal Deposit Insurance Corporation (FDIC) pursuant to the FDIC's regulations at 12 C.F.R. Sections 303.160-303.163 and other pertinent FDIC regulations. Based on the information presented and representations made, we do not object to the proposal.

Enclosed is our Order and Basis for Corporation Approval (Order) for the applications filed on behalf of The Braintree Co-operative Bank in conjunction with the conversion transaction, including considerations of deposit insurance and the proposed merger. Our approval is subject to the conditions stated in the Order, some of which must be met on an ongoing basis.

As part of the Notice, the Bank has requested, in accordance with 12 C.F.R. Section 333.4(a), a limited waiver of certain provisions of the FDIC's regulations pertaining to mutual-to-stock conversions, specifically, the depositor voting requirement imposed by 12 C.F.R. Section 333.4(c)(2). The FDIC acknowledges the Bank's extraordinary efforts to inform depositors about the special meeting and about the purpose of the special meeting, and appreciates the Bank's dilemma in trying to satisfy the laws and rules of both the Commonwealth of Massachusetts and the FDIC. For these reasons, the FDIC has granted the limited waiver pursuant to 12 C.F.R. Section 303.162(a) (2).

Please advise the Boston Area Office in writing when the proposed transaction has been consummated. If an extension of the time limit included in the Order is required, a letter requesting a specific extension of the limitation including reasons therefore should be submitted to the Boston Area Office.

Sincerely,

/S/

John M. Lane
Deputy Director

Enclosure

cc: Stephen J. Coukos
Gallagher, Callahan, & Gartrell
112 South Street
Second Floor
Boston, Massachusetts 02111

FEDERAL DEPOSIT INSURANCE CORPORATION

The Braintree Co-operative Bank
Braintree, Norfolk County, Massachusetts

Applications for Federal Deposit Insurance and Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 5 and Section 18(c) and other provisions of the Federal Deposit Insurance Act ("FDI Act"), an application has been filed on behalf of The Braintree Co-operative Bank, Braintree, Massachusetts, ("Mutual Institution"), currently a state-chartered mutually-owned Deposit Insurance Fund member with total resources of \$187,282,000 and total deposits of \$171,723,000 as of March 31, 2006, for the FDIC's consent to merge with Braintree Interim Stock Bank, Braintree, Massachusetts, a proposed new state-chartered stock co-operative bank, the Resultant Bank. In addition, an application has been filed for Federal deposit insurance for Braintree Interim Stock Bank and Braintree Interim Mutual Bank.

The transaction is to effect the Mutual Institution's plan of reorganization which, solely to facilitate such undertaking, provides for:

- the bank to establish a de novo Massachusetts-chartered mutual co-operative bank, to be known as "Braintree Interim Mutual Bank" ("Interim Mutual");
- the Interim Mutual to reorganize into a Massachusetts-chartered mutual holding company to be known as "Braintree Bancorp MHC" ("MHC"); and simultaneously establish a wholly-owned stock co-operative bank to be known as "Braintree Interim Stock Bank" ("Stock Bank"); and
- the bank will immediately merge with and into the Stock Bank, with the Stock Bank as the surviving entity under the name of "The Braintree Co-operative Bank" which will be a Massachusetts stock co-operative bank ("Resultant Bank"), resulting in the MHC owning 100% of the stock of the bank.

At the conclusion of the reorganization, the deposits of the Mutual Institution will continue to be insured under the Deposit Insurance Fund. An application for the establishment of a Mutual Holding Company has been approved by the Federal Reserve Bank of Boston. Following the consummation of the merger, the Resultant Bank will operate the same business, with the same management, at the same locations now being served by the Mutual Institution. The proposed transaction, per se, will not alter the competitive structure of banking in the market served by the Mutual Institution. The Resultant Bank's principal office will continue to be located at 1010 Washington Street, Braintree, Norfolk County, 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”) Statement of the proponent, disclosed no inconsistencies with the purposes of the CRA. The resultant 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 prospects of the proponent banks and the Resultant Bank, and the convenience and needs of the community to be served. The FDIC has also taken into consideration the effectiveness of the insured depository institutions involved in the proposed merger transaction in combating money-laundering activities. In connection with the applications for deposit insurance, the FDIC has taken into consideration the financial history and condition, adequacy of the capital structure, earnings prospects, general character and fitness of management, risk to the insurance fund, convenience and needs of the community, and consistency of corporate powers. Having found favorably on all statutory factors and having considered other relevant information, including all reports on competitive factors furnished by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Director of 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 except for the proposed transfer of stock to Braintree Bancorp MHC, no shares of the stock of The Braintree Co-operative Bank shall be sold, transferred or otherwise disposed of, to any person (including any Employee Stock Ownership Plan) unless prior notice is provided to, and non-objection is received from, the FDIC;
2. That prior to a sale, transfer or other disposition of any shares of The Braintree Co-operative Bank by Braintree Bancorp MHC to any person (including any Employee Stock Ownership Plan), or a conversion of Braintree Bancorp MHC to stock form, The Braintree Co-operative Bank will provide written notification to the FDIC and provide the FDIC with copies of all documents filed with the state and federal banking and/or securities regulators in connection with any such sale, transfer, disposition or conversion;
3. That should any shares of the stock of The Braintree Co-operative Bank be issued to persons other than Braintree Bancorp MHC, any dividends waived by Braintree Bancorp MHC must be retained by The Braintree Co-operative Bank 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 Braintree 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;

4. That any change in proposed management, including the board of directors or proposed ownership (ten percent or more of the stock and new acquisitions of, or subscriptions to, ten percent or more of the stock), will render this approval null and void unless such proposal is approved by the FDIC prior to the consummation of the proposed transaction;
5. That the proposed transaction may not be consummated unless and until Resultant Bank has the authority to conduct banking business, and that its establishment and operation as a stock co-operative bank has been fully approved by appropriate Commonwealth of Massachusetts officials;
6. That the transaction shall not be consummated within less than fifteen calendar days after the date of this Order, or later than six months after the date of this Order, unless such period is extended for good cause by the FDIC; and
7. That until the proposed transaction is consummated, the FDIC shall have the right to alter, suspend, or withdraw its approval should any interim development be deemed to warrant such action.

By Order of the Deputy Director of the Division of Supervision and Consumer Protection pursuant to the delegated authority of the Board of Directors.

Dated at Washington, D.C., this *1st* day of *August*, 2006.

/s/

John M. Lane
Deputy Director