

SUMMARY OF MATERIAL MODIFICATIONS

NAME OF PLAN:	<i>Lake Elmo Bank 401(k) Plan</i>
EMPLOYER I.D. NO.:	<i>41-0557070</i>
PLAN I.D. NO.:	<i>002</i>

You have previously been furnished with a Summary Plan Description describing the main features of the above-noted plan. Federal regulations require us to notify you whenever a material modification has been made to the plan. The Board of Directors of Lake Elmo Bank (the "Employer") has amended the plan by adoption of Amendment No. 1, effective January 1, 1996. This Summary of Material Modifications describes the changes made to the plan by that amendment, and should be read together with your Summary Plan Description for a description of the most important features of the plan.

Change in Plan Year

Page 4 of your Summary Plan Description states that the plan year is January 1 through December 31. Effective as of January 1, 1996, the plan year was changed to the period commencing October 1 and ending September 30. As a result of this change, the plan had a short year that commenced January 1, 1996, and ended September 30, 1996. This change in plan year may affect you as follows:

1. **Eligibility.** Item 1 (Page 5) of your Summary Plan Description describes a "year of service" for eligibility purposes. If you do not complete 1,000 hours during your first 12 months of employment, the measuring period to determine whether you complete a year of service switches to the plan year which begins within your first twelve months of employment. If you are working towards completing a year of service to become a participant in the plan, and the measuring period to determine whether you complete a year of service has switched to the plan year, you will receive credit for a year of service for eligibility purposes if you complete 1,000 hours of service during either of the following periods:

January 1, 1996 - December 31, 1996
October 1, 1996 - September 30, 1997

2. **Entry Dates.** Items 1 and 2 (Pages 5-6) of your Summary Plan Description state that the entry dates on which you may become a participant in the profit sharing and salary deferral portions of the plan are January 1 and July 1. However, as a result of the change in plan year, effective October 1, 1996, the entry dates are April 1 and October 1.

3. **Profit Sharing Contribution.** Item 2 (Page 7) of your Summary Plan Description states that you must complete 1,000 hours of service during the plan year, and be employed on the last day of the plan year to share in the allocation of the Employer's profit sharing contribution. However, for the short plan year that commenced January 1, 1996, and ended September 30, 1996, you must complete 750 hours of service during such period, and be employed on September 30, 1996, to share in the allocation of the Employer's contribution for such year.

4. **Vesting.** Item 7 (Pages 9-11) of your Summary Plan Description explains vesting of profit sharing contributions. Generally speaking, you are credited with a year of service for vesting if you have completed 1,000 hours of service during the same 12-month period as the plan year whether or not you were a participant during that plan year. However, as a result of the change in plan year, you will be credited with a year of service for vesting if you complete 1,000 hours of service during either of the following periods:

January 1, 1996 - December 31, 1996
October 1, 1996 - September 30, 1997

If you are credited with 1,000 hours of service during both periods, you will receive two years of vesting service.

Page 11 of your Summary Plan Description defines a "break in service" for vesting purposes as a plan year in which you have 500 or fewer hours of service. However, for the short plan year that commenced January 1, 1996, and ended September 30, 1996, the measuring periods to determine if you have a break in service will be January 1, 1996 to December 31, 1996, and October 1, 1996 to September 30, 1997. If you have 500 or fewer hours of service in both periods, you will have two breaks in service.

If you have any questions regarding this Summary of Material Modifications or the full Summary Plan Description, please contact Ms. Pat Wright at Lake Elmo Bank.

January 1997

LAKE ELMO BANK

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