

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549  
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the quarterly period ended March 31, 2000.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

COMMISSION FILE NUMBER 0-14703

NBT BANCORP INC.

(Exact Name of Registrant as Specified in its Charter)

DELAWARE

16-1268674

(State of Incorporation) (I.R.S. Employer Identification No.)

52 SOUTH BROAD STREET, NORWICH, NEW YORK 13815  
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (607) 337-2265

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter periods that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

As of April 30, 2000, there were 18,101,302 shares outstanding of the Registrant's common stock, \$0.01 par value. There were no shares of the Registrant's preferred stock, par value \$0.01, outstanding at that date.

An index to exhibits follows the signature page of this FORM 10-Q.

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NBT BANCORP INC.

FORM 10-Q--Quarter Ended March 31, 2000

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NBT BANCORP INC. AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS	MARCH 31, 2000	December 31, 1999	March 31, 1999
(in thousands, except share and per share data)	(UNAUDITED)		(Unaudited)
<b>ASSETS</b>			
Cash	\$ 60,823	\$ 64,431	\$ 60,234
Securities available for sale, at fair value	497,528	500,423	491,502
Securities held to maturity (fair value - \$75,808, \$73,648 and \$70,094)	78,772	76,706	70,386
Loans	1,295,651	1,222,654	1,081,971
Less allowance for loan losses	17,543	16,654	15,608
Net loans	1,278,108	1,206,000	1,066,363
Premises and equipment, net	40,292	40,830	38,667
Other assets	73,583	73,042	60,356
<b>TOTAL ASSETS</b>	<b>\$2,029,106</b>	<b>\$1,961,432</b>	<b>\$1,787,508</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Deposits:			
Demand (noninterest bearing)	\$ 210,579	\$ 223,143	\$ 189,659
Savings, NOW, and money market	490,328	487,746	464,058
Time	822,842	766,729	680,428
Total deposits	1,523,749	1,477,618	1,334,145
Short-term borrowings	165,445	137,567	119,648
Long-term debt	161,793	172,575	149,887
Other liabilities	15,587	13,195	13,868
Total liabilities	1,866,574	1,800,955	1,617,548
Stockholders' equity:			
Preferred stock, \$0.01 par value at March 31, 2000, no par, stated value \$1.00 at December 31, 1999 and March 31, 1999; shares authorized-2,500,000	-	-	-
Common stock, \$0.01 par value and 30,000,000 authorized at March 31, 2000, no par, stated value \$1.00 and 15,000,000 authorized at December 31, 1999 and March 31, 1999; issued 18,623,435, 18,616,992, and 17,963,950 at March 31, 2000, December 31, 1999 and March 31, 1999, respectively	186	18,617	17,964
Additional paid-in-capital	167,047	148,717	138,146
Retained earnings	24,225	23,060	26,296
Accumulated other comprehensive (loss) income	(17,615)	(18,252)	598
Common stock in treasury at cost 522,567, 538,936, and 600,953 shares at March 31, 2000, December 31, 1999 and March 31, 1999, respectively	(11,311)	(11,665)	(13,044)
Total stockholders' equity	162,532	160,477	169,960
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$2,029,106</b>	<b>\$1,961,432</b>	<b>\$1,787,508</b>

See notes to interim consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF INCOME

Three months ended March 31,  
2000 1999

(in thousands, except per share data)

(Unaudited)

Interest and fee income:		
Loans	\$27,189	\$22,679
Securities - available for sale	8,872	7,625
Securities - held to maturity	993	840
Other	402	458
-----		
Total interest and fee income	37,456	31,602
-----		
Interest expense:		
Deposits	13,446	11,006
Short-term borrowings	2,054	1,139
Long-term debt	2,346	1,739
-----		
Total interest expense	17,846	13,884
-----		
Net interest income	19,610	17,718
Provision for loan losses	1,334	1,120
-----		
Net interest income after provision for loan losses	18,276	16,598
-----		
Noninterest income:		
Trust	860	835
Service charges on deposit accounts	1,620	1,408
Securities gains	-	668
Other	1,135	1,365
-----		
Total noninterest income	3,615	4,276
-----		
Noninterest expense:		
Salaries and employee benefits	7,081	5,970
Office supplies and postage	592	637
Occupancy	1,232	1,024
Equipment	1,137	947
Professional fees and outside services	756	697
Data processing and communications	1,132	972
Amortization of intangible assets	312	329
Merger and acquisition costs	1,122	-
Other operating	1,619	1,240
-----		
Total noninterest expense	14,983	11,816
-----		
Income before income taxes	6,908	9,058
Income taxes	2,667	3,282
-----		
NET INCOME	\$ 4,241	\$ 5,776
-----		
Earnings per share:		
Basic	\$ 0.24	\$ 0.32
Diluted	\$ 0.23	\$ 0.32
-----		

See notes to interim consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-in- Capital Surplus	Retained Earning	Accumulated Other Comprehensive (Loss)/Income	Treasury Stock	Total
(in thousands, except share and per share data) (Unaudited)						
BALANCE AT DECEMBER 31, 1998	\$17,946	\$137,997	\$23,132	\$ 3,062	\$(12,962)	\$169,175
Net income			5,776			5,776
Cash dividends - \$0.162 per share			(2,596)			(2,596)
Payment in lieu of fractional shares			(16)			(16)
Issuance of 18,164 shares to stock plan	18	172				190
Purchase of 77,500 treasury shares					(1,728)	(1,728)
Sale of 76,054 treasury shares to employee benefit plans and other stock plans		(23)			1,646	1,623
Unrealized loss on securities available for sale, net of reclassification adjustment, and deferred taxes of \$1,615				(2,464)		(2,464)
BALANCE AT MARCH 31, 1999	\$17,964	\$138,146	\$26,296	\$ 598	\$(13,044)	\$169,960
BALANCE AT DECEMBER 31, 1999	\$18,617	\$148,717	\$23,060	\$(18,252)	\$(11,665)	\$160,477
Net income			4,241			4,241
Cash dividends - \$0.170 per share			(3,076)			(3,076)
Issuance of 6,468 shares to stock plan	6	63				69
Sale of 4,937 treasury shares to employee benefit plans and other stock plans		(29)			107	78
Change \$1.00 stated value per share to \$0.01 par value per share	(18,437)	18,437				-
Stock option exercise		(141)			247	106
Unrealized loss on securities available for sale, net of reclassification adjustment, and deferred taxes of \$458				637		637
BALANCE AT MARCH 31, 2000	\$ 186	\$167,047	\$24,225	\$(17,615)	\$(11,311)	\$162,532

See notes to interim consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended March 31,  
2000 1999

(in thousands)

(Unaudited)

OPERATING ACTIVITIES:

Net income	\$ 4,241	\$ 5,776
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,334	1,120
Depreciation of premises and equipment	1,007	1,017
Net accretion on securities	(516)	(182)
Amortization of intangible assets	312	329
Proceeds from sale of loans held for sale	1,943	5,140
Origination and purchases of loans held for sale	(1,073)	(10,000)
Net gains on sales of loans	122	(69)
Net gain on sale of other real estate owned	(28)	(188)
Net realized gains on sales of securities	-	(668)
Net (increase) decrease in other assets	(1,518)	1,876
Net increase in other liabilities	2,392	1,096
Net cash provided by operating activities	8,216	5,247

INVESTING ACTIVITIES:

Securities available for sale:		
Proceeds from maturities	7,324	31,233
Proceeds from sales	200	99,510
Purchases	(3,027)	(125,162)
Securities held to maturity:		
Proceeds from maturities	6,885	4,961
Purchases	(8,942)	(11,986)
Net increase in loans	(74,339)	(27,070)
Purchase of premises and equipment, net	(469)	(1,928)
Proceeds from sales of other real estate owned	140	540
Net cash used in investing activities	(72,228)	(29,902)

FINANCING ACTIVITIES:

Net increase (decrease) in deposits	46,131	(22,802)
Net increase in short-term borrowings	27,878	19,776
Proceeds from issuance of long-term debt	5,000	25,000
Repayments of long-term debt	(15,782)	(743)
Proceeds from issuance of common stock to stock plan	69	190
Exercise of stock options	106	-
Proceeds from issuance of treasury shares to employee benefit plans and other stock plans	78	1,623
Purchase of treasury stock	-	(1,728)
Cash dividends and payment for fractional shares	(3,076)	(2,612)
Net cash provided by financing activities	60,404	18,704

Net decrease in cash and cash equivalents	(3,608)	(5,951)
Cash and cash equivalents at beginning of period	64,431	66,185

CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 60,823 \$ 60,234

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: Cash paid during the period for:

Interest	\$ 17,443	\$ 14,186
Income taxes	320	388

See notes to interim consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Three Months Ended March 31,  
2000 1999

(in thousands)

(Unaudited)

Net Income	\$ 4,241	\$ 5,776
Other comprehensive income, net of tax		
Unrealized holding gains (losses) arising during period [pre-tax amounts of \$1,095 and \$(3,411)]	637	(2,047)
Less: Reclassification adjustment for net gains included in net income [pre-tax amounts of \$- and \$(668)]	-	(417)
Total other comprehensive income (loss)	637	(2,464)
Comprehensive income	\$ 4,878	\$ 3,312

See notes to interim consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARY  
 NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
 March 31, 2000

BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements include the accounts of NBT Bancorp Inc. (the Registrant) and its wholly-owned subsidiaries, NBT Bank, N.A. (NBT) and LA Bank, N.A. (LA). All intercompany transactions have been eliminated in consolidation. Amounts in the prior period financial statements are reclassified whenever necessary to conform to current period presentation.

The consolidated balance sheet at December 31, 1999 has been derived from the audited supplemental consolidated financial statements at that date, which appear in the Current Report on Form 8-K filed on March 31, 2000. The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to FORM 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000. For further information, refer to the consolidated financial statements and footnotes thereto included in the Registrant's annual report on FORM 10-K for the year ended December 31, 1999 and the supplemental consolidated financial statements referred to above. The March 31, 1999 interim consolidated financial statements have been restated to give effect to the merger with Lake Ariel Bancorp, Inc., which closed on February 17, 2000 and was accounted for as a pooling-of-interests.

EARNINGS PER SHARE

Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. All share and per share data has been adjusted retroactively for stock dividends and splits.

The following is a reconciliation of basic and diluted earnings per share for the periods presented in the income statement.

Three months ended March 31,	2000	1999
(in thousands, except per share data)		
Basic EPS:		
Weighted average common shares outstanding	18,028	17,860
Net income available to common shareholders	\$ 4,241	\$ 5,776
Basic EPS	\$ 0.24	\$ 0.32
Diluted EPS:		
Weighted average common shares outstanding	18,028	17,860
Dilutive common stock options	106	244
Weighted average common shares and common share equivalents	18,134	18,104
Net income available to common shareholders	\$ 4,241	\$ 5,776
Diluted EPS	\$ 0.23	\$ 0.32

MERGERS AND ACQUISITIONS

On February 17, 2000, the stockholders of NBT Bancorp Inc. and Lake Ariel Bancorp, Inc. (Lake Ariel) approved a merger whereby Lake Ariel was merged with and into NBT Bancorp Inc. with each issued and outstanding share of Lake Ariel exchanged for 0.9961 shares of NBT Bancorp Inc. common stock. The transaction resulted in the issuance of 5.0 million shares of NBT Bancorp Inc. common stock, bringing the Company's outstanding shares to 18.1 million after the merger. The merger results in NBT Bancorp Inc. being the surviving holding company for NBT Bank, N.A. and LA Bank, N.A., a former subsidiary of Lake Ariel. The merger is being accounted for as a pooling-of-interests and qualifies as a tax-free exchange for Lake Ariel shareholders.



LA Bank, N.A. is a commercial bank headquartered in northeast Pennsylvania with twenty-two branch offices in five counties and approximately \$587 million in assets at March 31, 2000. The combined company, NBT Bancorp Inc., has combined assets over \$2.0 billion and fifty-eight branch locations. On December 8, 1999, NBT Bancorp Inc. and Pioneer American Holding Company Corp., the parent company of Pioneer American Bank, N.A., announced they entered into a definitive agreement of merger. The merger is subject to the approval of each company's shareholders and of banking regulators. The merger is expected to close in the second quarter of 2000 and is intended to be accounted for as a pooling-of-interests and qualify as a tax-free exchange for Pioneer American shareholders. Shareholders of Pioneer American will receive a fixed ratio of 1.805 shares of NBT Bancorp Inc. common stock for each share exchanged. NBT Bancorp Inc. will issue approximately 5.2 million shares and share equivalents in exchange for all of the Pioneer American common stock and share equivalents outstanding.

Pioneer American Bank, N.A. is a full service commercial bank with total assets of approximately \$415 million at March 31, 2000 and eighteen branches in five counties in northeast Pennsylvania. Pioneer American Bank, N.A. will ultimately be merged together with LA Bank, N.A. to form the largest community bank headquartered in northeast Pennsylvania.

On March 28, 2000, NBT Bancorp Inc. and M. Griffith, Inc. jointly announced that a definitive agreement has been signed for NBT Bancorp Inc. to acquire all of the stock of M. Griffith, Inc. M. Griffith, Inc. is a Utica, New York based securities firm offering investment, financial advisor and asset-management services, primarily in the Mohawk Valley region. M. Griffith, Inc., a full-service broker/dealer and a Registered Investment Advisor, will become a wholly-owned subsidiary of NBT Financial Services, Inc. NBT Financial Services, Inc. was created in September of 1999 to concentrate on expanding NBT Bancorp Inc.'s menu of financial services beyond traditional bank product offerings.

On April 20, 2000, NBT Bancorp Inc. and BSB Bancorp, Inc., the parent company of BSB Bank and Trust Company, announced the signing of a definitive agreement to merge. The merger is subject to the approval of each company's shareholders and of banking regulators. The merger is expected to close in the fourth quarter of 2000 and is intended to be accounted for as a pooling-of-interests and qualify as a tax-free exchange for BSB Bancorp, Inc. shareholders. Shareholders of BSB Bancorp, Inc. will receive a fixed ratio of 2.0 shares of NBT Bancorp Inc. common stock for each share exchanged.

BSB Bank and Trust Company is a full service commercial bank with total assets of approximately \$2.2 billion at March 31, 2000 and twenty-two branches in six counties in central New York and the Southern Tier. As a result of the merger, NBT Bank, N.A. and BSB Bank and Trust Company will be combined to create one of the largest independent community banks in upstate New York. This strategic alliance will create a bank holding company with assets of \$4.7 billion and proforma market capitalization of approximately \$539 million. The holding company will adopt a new name before the merger occurs. The combined company will have three direct operating subsidiaries including two community banks and a financial services company.

#### NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133 "Accounting for Derivative Instruments and Hedging Activities". This statement establishes comprehensive accounting and reporting requirements for derivative instruments and hedging activities. SFAS No. 133 requires companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. The accounting for gains or losses resulting from changes in the values of those derivatives would be dependent on the use of the derivative and the type of risk being hedged. During the second quarter of 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB No. 133". FASB No. 137 defers the effective date of FASB No. 133 by one year from fiscal quarters of fiscal years beginning after June 15, 1999 to fiscal quarters of fiscal years beginning after June 15, 2000. At the present time, the Company has not fully analyzed the effect or timing of the adoption of SFAS No. 133 on the Company's consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARY

Item 2 -- MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this discussion and analysis is to provide the reader with a concise description of the financial condition and results of operations of NBT Bancorp Inc. (Bancorp) and its wholly owned subsidiaries, NBT Bank, N.A. (NBT) and LA Bank N.A. (LA) collectively referred to herein as the Company. This discussion will focus on Results of Operations, Financial Position, Capital Resources and Asset/Liability Management. Reference should be made to the Company's consolidated financial statements and footnotes thereto included in this FORM 10-Q as well as to the Company's 1999 FORM 10-K for an understanding of the following discussion and analysis. In December 1999, the Company distributed a 5% stock dividend, the fortieth consecutive year a stock dividend has been declared. Throughout this discussion and analysis, amounts per common share and common shares outstanding have been adjusted retroactively for stock dividends and splits.

On April 24, 2000, NBT Bancorp Inc. announced the declaration of a regular quarterly cash dividend of \$0.17 per share. The cash dividend will be paid on June 15, 2000 to stockholders of record as of June 1, 2000.

Certain statements in this release and other public releases by the Company contain forward-looking information, as defined in the Private Securities Litigation Reform Act. These statements may be identified by the use of phrases such as "anticipate," "believe," "expect," "forecasts," "projects," or other similar terms. Actual results may differ materially from these statements since such statements involve risks and uncertainties. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities: (1) an increase in competitive pressures in the banking industry; (2) changes in the interest rate environment; (3) changes in the regulatory environment; (4) general economic environment conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality; and (5) changes may incur in business conditions and inflation.

YEAR 2000

Concerns over the arrival of the Year 2000 ("Y2K") and its impact on the embedded computer technologies used by financial institutions, among others, led bank regulatory authorities to require substantial advance testing and preparations by all banking organizations, including the Company. As of the date of this filing, the Company has experienced no material problems in connection with the arrival of Y2K, either in connection with the services and products it provides to its customers or in connection with the services and products it receives from third party vendors or suppliers. However, while no such occurrence has developed, Y2K issues may arise that may not become immediately apparent. Therefore, the Company will continue to monitor and work to remedy any issues that arise. Although the Company expects that its business will not be materially impacted, such future events cannot be known with certainty.

OVERVIEW

Net income of \$4.2 million (\$0.23 per diluted share) was recognized in the first quarter of 2000, down from first quarter 1999 net income of \$5.8 million (\$0.32 per diluted share). The decline in net income can be attributed to the \$1.1 million in merger related expenses recognized during the first quarter of 2000. Also contributing to the decline in net income as compared to the first quarter of 1999 is the \$0.7 million in securities gains recognized during the first quarter of 1999. After taking these items into consideration, the Company's core earnings remained at the strong level experienced in the first quarter of 1999.

Table 1 depicts several measurements of performance on an annualized basis. Returns on average assets and equity measure how effectively an entity utilizes its total resources and capital, respectively. Both the return on average assets and the return on average equity ratios declined for the quarter compared to the same period a year previous.

Net interest margin, net federal taxable equivalent (FTE) interest income divided by average interest-earning assets, is a measure of an entity's ability to utilize its earning assets in relation to the cost of funding. Interest income for tax-exempt securities and loans is adjusted to a taxable equivalent basis using the statutory Federal income tax rate of 35%.

TABLE 1  
PERFORMANCE MEASUREMENTS

	FIRST QUARTER 2000	First Quarter 1999
Return on average assets	0.86%	1.35%
Return on average equity	10.59%	13.84%
Net interest margin (FTE)	4.32%	4.52%

NET INTEREST INCOME

Net interest income is the difference between interest income on earning assets, primarily loans and securities, and interest expense on interest-bearing liabilities, primarily deposits and borrowings. Net interest income is affected by the interest rate spread, the difference between the yield on earning assets and cost of interest-bearing liabilities, as well as the volumes of such assets and liabilities. Net interest income is one of the major determining factors in a financial institution's performance as it is the principal source of earnings. Table 2 represents an analysis of net interest income on a federal taxable equivalent basis.

Federal taxable equivalent (FTE) net interest income increased \$2.1 million during the first quarter of 2000 compared to the same period of 1999. This increase can be attributed to a \$258.4 million increase in average earning assets, primarily the result of continued loan growth.

Total FTE interest income increased \$6.1 million compared to first quarter 1999, a result of the previously mentioned increase in average earning assets as well as a 15 basis point increase in the yield earned on those earning assets. The increase in the yield on earning assets can be primarily attributed to a 16 basis point increase in the yield on the securities available for sale portfolio. During the same time period, total interest expense increased \$4.0 million, primarily the result of a \$229.4 million increase in average interest bearing liabilities between reporting periods. Also contributing to the increased interest expense was a 38 basis point increase in the cost of interest bearing liabilities, the result of the rising interest rate environment during late 1999 and the first quarter of 2000. Driving this increase in the cost of funds was a 35 basis point increase in the cost of time deposits and an 86 basis point increase in the cost of short-term borrowings. This increase in the cost of funds resulted in a 23 basis point decline in the interest rate spread, as the Company's liabilities repriced faster than the earning assets during the rising rate environment.

Another important performance measurement of net interest income is the net interest margin. This is computed by dividing annualized FTE net interest income by average earning assets for the period. Net interest margin decreased to 4.32% for first quarter 2000, down from 4.52% for the comparable period in 1999. The decrease in the net interest margin can be attributed to the previously mentioned decrease in the interest rate spread as the interest bearing liabilities repriced faster than the earning assets during the recent rising interest rate environment.

TABLE 2  
COMPARATIVE ANALYSIS OF FEDERAL TAXABLE EQUIVALENT NET INTEREST INCOME

ANNUALIZED YIELD/RATE		(dollars in thousands)	AMOUNTS		TOTAL	VARIANCE VOLUME	RATE
2000	1999		2000	1999			
5.12%	4.07%	Interest bearing deposits	\$ 6	\$ 4	\$ 2	\$ -	\$ 2
5.48%	4.62%	Federal funds sold	42	131	(89)	(119)	30
6.61%	6.77%	Other	354	322	32	40	(8)
6.88%	6.72%	Securities available for sale	9,043	7,734	1,309	1,111	198
		Securities held to maturity:					
6.13%	6.12%	Taxable	357	371	(14)	(14)	-
7.11%	6.60%	Tax exempt	977	722	255	193	62
8.75%	8.68%	LOANS	27,387	22,791	4,596	4,506	90
-----							
8.12%	7.97%	Total interest income	38,166	32,075	6,091	5,717	374
-----							
3.23%	2.85%	Money market deposit accounts	903	793	110	-	110
1.38%	1.47%	NOW deposit accounts	562	581	(19)	-	(19)
2.97%	2.99%	Savings deposits	1,561	1,477	84	38	46
5.27%	4.92%	Time deposits	10,420	8,155	2,265	178	2,087
5.58%	4.72%	Short-term borrowings	2,054	1,139	915	884	31
5.62%	5.56%	LONG-TERM DEBT	2,346	1,739	607	605	2
-----							
4.49%	4.11%	TOTAL INTEREST EXPENSE	17,846	13,884	3,962	1,705	2,257
-----							
		Net interest income	\$20,320	\$18,191	\$ 2,129	\$4,012	\$( 1,883)
=====							
3.63%	3.86%	Interest rate spread					
4.32%	4.52%	Net interest margin					
		FTE adjustment	\$ 710	\$ 473			
=====							

For purposes of the above yield computations, nonaccrual loans are included in the average loan balances outstanding and average securities are at amortized cost. Average balances used to calculate the yields are daily averages.

#### PROVISION AND ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is a valuation allowance established to provide for the inherent risk of loss in the Company's loan portfolio. The allowance is maintained at a level considered adequate to provide for loan loss exposure based on management's estimate of probable losses in the portfolio considering an evaluation of risk, economic factors, and past loss experience. Management determines the provision and allowance for loan losses based on a number of factors including a comprehensive loan review program conducted throughout the year. The loan portfolio is continually evaluated in order to identify problem loans, credit concentration, and other risk factors such as economic conditions and trends. The allowance for loan losses to outstanding loans at March 31, 2000 was 1.35%, compared to 1.44% at March 31, 1999. Management considers the allowance for loan losses to be adequate based on evaluation and analysis of the loan portfolio.

Table 3 reflects changes to the allowance for loan losses for the periods presented. The allowance is increased by provisions for losses charged to operations and is reduced by net charge-offs. Charge-offs are made when the collectability of loan principal within a reasonable time is unlikely. Any recoveries of previously charged-off loans are credited directly to the allowance for loan losses. Net charge-offs for the first quarter of 2000 were \$0.4 million, or 0.14% of average loans, compared to \$0.8 million, or 0.32% of average loans for the same period of 1999.

TABLE 3  
ALLOWANCE FOR LOAN LOSSES

(dollars in thousands)	Three months ended March 31,			
	2000		1999	
Balance, beginning of period	\$16,654		\$15,322	
Recoveries	248		221	
Charge-offs	(693)		(1,055)	
Net (charge-offs)	(445)		(834)	
Provision for loan losses	1,334		1,120	
Balance, end of period	\$17,543		\$15,608	
COMPOSITION OF NET CHARGE-OFFS				
Commercial and agricultural	\$ (97)	22%	\$ (376)	45%
Real estate mortgage	(86)	18%	(28)	3%
Consumer	(262)	60%	(430)	52%
Net charge-offs	\$ (445)	100%	\$ (834)	100%
Annualized net charge-offs to average loans		0.14%		0.32%
Net charge-offs to average loans for the year ended December 31, 1999				0.33%

NONINTEREST INCOME

Table 4 below presents noninterest income for the first quarter of 2000 and 1999. Total noninterest income for the first quarter of 2000, excluding security gains, was stable when compared to first quarter 1999. Service charges on deposit accounts increased \$0.2 million in the first quarter of 2000 compared to the same period of 1999. This improvement can be attributed to an increase in service fee and overdraft income resulting from growth in demand deposit accounts. Other income decreased \$0.2 million in the first quarter of 2000 compared to the same period of 1999. This decrease can be attributed to a mark to market adjustment as a result of a decline in the market value of the Company's mortgage loans held for sale portfolio.

Security gains decreased \$0.7 million for the first quarter 2000 as compared to first quarter 1999.

TABLE 4  
NONINTEREST INCOME

(dollars in thousands)	FIRST QUARTER 2000	First Quarter 1999
Trust income	\$ 860	\$ 835
Service charges on deposit accounts	1,620	1,408
Securities gains	-	668
Other income	1,135	1,365
Total noninterest income	\$3,615	\$4,276

NONINTEREST EXPENSE AND OPERATING EFFICIENCY

Table 5 presents components of noninterest expense as well as selected operating efficiency ratios. Total noninterest expense increased \$3.2 million between the quarter ended March 31, 2000 and the same period for 1999. Contributing to this increase in the first quarter of 2000 was \$1.1 million in merger and acquisition related expenses associated with the previously mentioned mergers. It is anticipated that the Company will incur approximately \$11.2 million in additional merger and acquisition expenses related to the Lake Ariel and Pioneer American mergers during 2000. In addition, during 2000 and 2001 the Company anticipates incurring approximately \$16.5 million of pre-tax merger and acquisition expenses related to the BSB Bancorp, Inc. merger.

Salaries and employee benefits for the first quarter of 2000 increased \$1.1 million compared to the same period of 1999, primarily the result of increased salaries and performance based incentives.

Occupancy expense for the first quarter of 2000 experienced a \$0.2 million increase compared to the same period in 1999. This increase can be attributed to an increase in security expense from a third party contract to enhance the maintenance of the Company's security equipment. Also contributing to the



increase in occupancy expense was an increase in rental expense associated with the addition of branch and ATM locations through out our market areas.

Equipment expense for the quarter ended March 31, 2000 experienced a \$0.2 million increase compared to the same period in 1999, primarily attributable to increased equipment depreciation and maintenance.

Other operating expense for the first quarter of 2000 experienced a \$0.4 million increase compared to the first quarter of 1999. Included in the first quarter 1999 other operating expense was a nonrecurring gain of \$0.2 million on the sale of other real estate owned.

One important operating efficiency measure that the Company closely monitors is the efficiency ratio. The efficiency ratio is computed as total noninterest expense (excluding nonrecurring charges) divided by net interest income plus noninterest income (excluding net security gains and losses and nonrecurring income). The efficiency ratio increased to 57.24% in the first quarter of 2000 from 55.16% in the same period of 1999. This increase was a result of the increase in noninterest expense between reporting periods.

TABLE 5  
NONINTEREST EXPENSE AND PRODUCTIVITY MEASUREMENTS

(dollars in thousands)	FIRST QUARTER 2000	First Quarter 1999
Salaries and employee benefits	7,081	5,970
Office supplies and postage	592	637
Occupancy	1,232	1,024
Equipment	1,137	947
Professional fees and outside services	756	697
Data processing and communications	1,132	972
Amortization of intangible assets	312	329
Merger and acquisition costs	1,122	-
Other operating	1,619	1,240
<b>Total noninterest expense</b>	<b>\$14,983</b>	<b>\$11,816</b>
Efficiency ratio	57.24%	55.16%
Average full-time equivalent employees	656	661
Average assets per average full-time equivalent employee (millions)	\$ 3.0	\$ 2.6

#### INCOME TAXES

Income tax expense was \$2.7 million for the first quarter of 2000 compared to \$3.3 million for the first quarter of 1999. The decrease in income taxes during the first quarter of 2000 can be attributed to the decreased income before income taxes between reporting periods. The effective tax rate was 38.6% for the first quarter of 2000 and 36.2% for the same period of 1999. The increase in the effective tax rate can be attributed to non-deductible merger and acquisition costs.

#### BALANCE SHEET

The following table highlights the changes in the balance sheet. Since period end balances can be distorted by one day fluctuations, the discussion and analysis concentrates on average balances when appropriate to give a better indication of balance sheet trends.

TABLE 6  
AVERAGE BALANCES

(dollars in thousands)	Three months ended	
	2000	March 31, 1999
Cash and cash equivalents	\$ 53,078	\$ 55,533
Securities available for sale, at fair value	496,279	471,104
Securities held to maturity	78,691	68,977
Loans	1,258,144	1,065,313
Deposits	1,493,278	1,334,062
Short-term borrowings	148,120	97,876
Long-term debt	168,004	126,812
Stockholders' equity	161,042	169,273
Assets	1,983,649	1,741,376
Earning assets	1,890,843	1,632,450
Interest bearing liabilities	\$1,599,924	\$1,370,544

#### SECURITIES

Average total securities were \$34.9 million greater for the first quarter of 2000 than for the same period of 1999. The majority of this increase was in the available for sale portfolio. During the first quarter of 2000, the securities portfolio represented 32.1% of average earning assets compared to 32.8% for the first quarter of 1999. At March 31, 2000, the securities portfolio was comprised of 86% available for sale and 14% held to maturity securities.

#### LOANS

The Company has continued to experience strong growth in the loan portfolio. Average loan volume for the first quarter of 2000 was \$192.8 million, or 18.1% greater than the first quarter 1999 average. This growth has been present in all loan categories, with increases in the average commercial, consumer and mortgage portfolios of \$125.1 million, \$53.5 million and \$14.2 million, respectively.

The Company has continued to experience an increase in the demand for commercial loans, primarily in the business and real estate categories. The Company does not engage in highly leveraged transactions or foreign lending activities.

#### NONPERFORMING ASSETS AND PAST DUE LOANS

Nonperforming assets consist of nonaccrual loans and other real estate owned (OREO). Loans are generally placed on nonaccrual when principal or interest payments become ninety days past due, unless the loan is well secured and in the process of collection. Loans may also be placed on nonaccrual when circumstances indicate that the borrower may be unable to meet the contractual principal or interest payments. OREO represents property acquired through foreclosure and is valued at the lower of the carrying amount or fair market value, less any estimated disposal costs.

Total nonperforming assets were \$8.5 million at March 31, 2000 compared to \$7.9 million at March 31, 1999. An increase of \$2.0 million in nonaccrual commercial and agricultural loans was partially offset by a decrease in other real estate owned of \$1.1 million. A significant portion of the increase in nonaccrual commercial loans can be attributed to two customers. Total assets containing risk elements were \$9.2 million, or 0.45% of assets at March 31, 2000 compared to \$8.8 million, or 0.49% of assets at March 31, 1999. The reduction in assets containing risk elements to assets indicates an improvement in asset quality.

At March 31, 2000, the recorded investment in impaired loans was \$6.4 million. Included in this amount is \$3.2 million of impaired loans for which the specifically allocated allowance for loan loss is \$1.0 million. In addition, included in impaired loans is \$3.1 million of impaired loans that, as a result of the adequacy of collateral values and cash flow analysis, do not have a specific reserve. At December 31, 1999, the recorded investment in impaired loans was \$4.7 million, of which \$0.9 million had a specific allowance allocation of \$0.5 million and \$3.8 million for which there was no specific reserve. At March 31, 1999, the recorded investment in impaired loans was \$4.4 million, of which \$1.5 million had a specific allowance allocation of \$0.5 million and \$2.8 million of which there was no specific reserve. The Company classifies all commercial and small business nonaccrual loans as impaired loans.



TABLE 7  
NONPERFORMING ASSETS AND RISK ELEMENTS

(dollars in thousands)	MARCH 31, 2000		March 31, 1999	
Commercial and agricultural	\$6,363	82%	\$4,385	73%
Real estate mortgage	531	7%	691	11%
Consumer	846	11%	953	16%
Total nonaccrual loans	7,740	100%	6,029	100%
Other real estate owned	789		1,896	
Total nonperforming assets	8,529		7,925	
Loans 90 days or more past due and still accruing:				
Commercial and agricultural	64	10%	21	3%
Real estate mortgage	423	67%	515	61%
Consumer	143	23%	299	36%
Total	630	100%	835	100%
Total assets containing risk elements	\$9,159		\$8,760	
Total nonperforming loans to loans		0.60%		0.56%
Total loans containing risk elements to loans		0.65%		0.63%
Total nonperforming assets to assets		0.42%		0.44%
Total assets containing risk elements to assets		0.45%		0.49%

#### DEPOSITS

Customer deposits represent the greatest source of funding assets. Average total deposits for the quarter ended March 31, 2000 were \$1.5 billion compared to \$1.3 billion at March 31, 1999. This growth has been present in all deposit categories, with increases in the average demand, savings and time deposits of \$21.3 million, \$14.4 million and \$123.6 million, respectively. As previously mentioned, the increase in demand deposits has led to an increase in service charge fee income.

#### BORROWED FUNDS

The Company's borrowed funds consist of short-term borrowings and long-term debt. Average short-term borrowings for the first quarter of 2000 were \$148.1 million compared to \$97.9 million for the same period of 1999. Average long-term debt for the first quarter of 2000 was \$168.0 million compared to \$126.8 million for the same period of 1999. The increase in borrowed funds between reporting periods can be attributed to the need for funding the strong loan growth.

#### CAPITAL AND DIVIDENDS

Stockholders' equity of \$162.5 million represents 8.0% of total assets at March 31, 2000, compared with \$170.0 million, or 9.5% a year previous, and \$160.5 million, or 8.2% at December 31, 1999.

In December 1999, the Company distributed a 5% stock dividend, the fortieth consecutive year a stock dividend has been declared. The Company does not have a target dividend payout ratio, rather the Board of Directors considers the Company's earnings position and earnings potential when making dividend decisions.

Capital is an important factor in ensuring the safety of depositors' accounts. During both 1999 and 1998, the Company earned the highest possible national safety and soundness rating from two national bank rating services, Bauer Financial Services and Veribanc, Inc. Their ratings are based on capital levels, loan portfolio quality and security portfolio strength.

As the capital ratios in Table 8 indicate, the Company remains well capitalized. Capital measurements are significantly in excess of regulatory minimum guidelines and meet the requirements to be considered well capitalized for all periods presented. Tier 1 leverage, Tier 1 capital and Risk-based capital ratios have regulatory minimum guidelines of 3%, 4% and 8% respectively, with requirements to be considered well capitalized of 5%, 6% and 10%, respectively.

TABLE 8  
CAPITAL MEASUREMENTS

	FIRST QUARTER 2000	First Quarter 1999
Tier 1 leverage ratio	8.61%	9.24%
Tier 1 capital ratio	12.93%	14.73%
Total risk-based capital ratio	14.08%	15.90%
Cash dividends as a percentage of net income	72.53%	44.94%
Per common share:		
Book value	\$ 8.98	\$ 9.45
Tangible book value	\$ 8.53	\$ 8.92

The accompanying Table 9 presents the high, low and closing sales price for the common stock as reported on the NASDAQ Stock Market, and cash dividends declared per share of common stock. At March 31, 2000, total market capitalization of the Company's common stock was approximately \$262 million compared with \$358 million at March 31, 1999. The Company's price to book value ratio was 1.61 at March 31, 2000 and 2.10 a year ago. The Company's price was 16 times annualized earnings at March 31, 2000, compared to 15 times a year previous.

TABLE 9  
QUARTERLY COMMON STOCK AND DIVIDEND INFORMATION\*

Quarter Ending	High	Low	Close	Cash Dividends Declared
1999				
March 31	\$23.33	\$19.89	\$19.89	\$0.162
June 30	21.19	19.05	19.52	0.162
September 30	20.90	16.43	16.49	0.162
December 31	17.98	14.63	15.50	0.170
2000				
MARCH 31	\$16.50	\$11.38	\$14.50	\$0.170

[FN]

\*historical NBT Bancorp Inc. only

#### LIQUIDITY AND INTEREST RATE SENSITIVITY MANAGEMENT

The primary objectives of asset and liability management are to provide for the safety of depositor and investor funds, assure adequate liquidity, and maintain an appropriate balance between interest sensitive earning assets and interest bearing liabilities. Liquidity management involves the ability to meet the cash flow requirements of customers who may be depositors wanting to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs. The Asset/Liability Management Committee (ALCO) is responsible for liquidity management and has developed guidelines which cover all assets and liabilities, as well as off balance sheet items that are potential sources or uses of liquidity. Liquidity must also provide the flexibility to implement appropriate strategies and tactical actions. Requirements change as loans grow, deposits and securities mature, and payments on borrowings are made. Interest rate sensitivity management seeks to avoid widely fluctuating net interest margins and to ensure consistent net interest income through periods of changing economic conditions.

The Company's primary measure of liquidity is called the basic surplus, which compares the adequacy of cash sources to the amounts of volatile funding sources. This approach recognizes the importance of balancing levels of cash flow liquidity from short and long-term securities with the availability of dependable borrowing sources. Accordingly, the Company has established borrowing agreements with other banks (Federal Funds), the Federal Home Loan Bank (short and long-term borrowings which are denoted as advances), and repurchase agreements with investment companies. The Asset/Liability Management Committee has determined that liquidity is adequate to meet the cash flow requirements of the Company.

Interest rate risk is determined by the relative sensitivities of earning asset yields and interest bearing liability costs to changes in interest rates. The method by which banks evaluate interest rate risk is to look at the interest sensitivity gap, the difference between interest sensitive assets and interest sensitive liabilities repricing during the same period, measured at a specific

point in time. Through analysis of the interest sensitivity gap, the Company

attempts to position its assets and liabilities to maximize net interest income in several different interest rate scenarios.

While the static gap evaluation of interest rate sensitivity is useful, it is not indicative of the impact of fluctuating interest rates on net interest income. Once the Company determines the extent of gap sensitivity, the next step is to quantify the potential impact of the interest sensitivity on net interest income. The Company measures interest rate risk based on the potential change in net interest income under various rate environments. The Company utilizes an interest rate risk model that simulates net interest income under various interest rate environments. The model groups assets and liabilities into components with similar interest rate repricing characteristics and applies certain assumptions to these products. These assumptions include, but are not limited to prepayment estimates under different rate environments, potential call options of the investment portfolio and forecasted volumes of the various balance sheet items. The following table presents the impact on net interest income of a gradual twelve-month increase or decrease in interest rates compared to a stable interest rate environment. The simulation projects net interest income over the next year using the March 31, 2000 balance sheet position.

TABLE 10  
INTEREST RATE SENSITIVITY ANALYSIS

Change in interest rates (in basis points)	Percent change in net interest income
+200	(3.12%)
+100	(1.80%)
- -100	0.97%
- -200	1.13%

PART II. OTHER INFORMATION

Item 1 -- Legal Proceedings

In the normal course of business, there are various outstanding legal proceedings. In the opinion of management, the aggregate amount involved in such proceedings is not material to the financial condition or results of operations of the Company.

Item 2 -- Changes in Securities

Following are listed changes in the Company's Common Stock outstanding during the quarter ended March 31, 2000 as well as certain actions which have been taken which may affect the number of shares of Common Stock (shares) outstanding in the future. There was no Preferred Stock outstanding during the quarter ended March 31, 2000.

At a Special Meeting of Stockholders held on February 17, 2000, the stockholders of NBT Bancorp Inc. approved two amendments to the Company's Certificate of Incorporation. The first amendment changed the Company's common and preferred stock from no par value, \$1.00 stated value per share to shares having a par value of \$.01 per share. The second amendment increased the number of authorized shares of NBT Bancorp Inc. common stock from 15 million to 30 million.

Item 3 -- Defaults Upon Senior Securities

This item is omitted because there were no defaults upon the Company's senior securities during the quarter ended March 31, 2000.

Item 4 -- Submission of Matters to a Vote of Security Holders

The Company held a Special Meeting of Stockholders on February 17, 2000. Stockholders approved the following proposals:

a. Proposal to approve the amendment to Article Fourth of NBT's Certificate of Incorporation to change NBT's authorized common stock and preferred stock from no par value, stated value \$1.00 per share to a par value of \$.01 per share.

The proposal was approved, with 10,177,577 votes FOR, 489,762 votes AGAINST, and 363,007 votes ABSTAINING.

b. Proposal to approve the amendment to Article Fourth of NBT's Certificate of Incorporation to increase the number of authorized shares of common stock from 15 million to 30 million.

The proposal was approved, with 10,255,583 votes FOR, 556,831 votes AGAINST, and 217,895 votes ABSTAINING.

c. To approve a proposal to ratify a change to Article III, Section 2 of the NBT Bancorp Inc. Bylaws, relating to the number, classification and qualification of directors, previously approved by the NBT Bancorp Inc. Board of Directors.

The proposal was approved, with 9,087,635 votes FOR, 929,423 votes AGAINST, and 242,839 votes ABSTAINING.

d. To approve the Agreement and Plan of Merger, dated as of August 16, 1999, and amended as of December 13, 1999 and further amended as of December 27, 1999, by and between NBT Bancorp Inc. and Lake Ariel Bancorp, Inc. which, among other things, Lake Ariel will merge with and into NBT Bancorp Inc., with NBT Bancorp Inc. being the surviving corporation and NBT Bancorp Inc. will issue approximately 4.8 million shares of common stock to the Lake Ariel stockholders upon completion of the merger.

The proposal was approved, with 9,588,479 votes FOR, 518,735 votes AGAINST, and 152,681 votes ABSTAINING.

Item 5 -- Other Information

Not Applicable

Item 6 -- Exhibits and Reports on FORM 8-K

- (a) An index to exhibits follows the signature page of this FORM 10-Q.
- (b) During the first quarter ended March 31, 2000, the Company filed the following Current Reports on Form 8-K:

- Current report on Form 8K filed with the Securities and Exchange Commission on February 22, 2000
- Current report on Form 8K filed with the Securities and Exchange Commission on March 3, 2000
- Current report on Form 8K filed with the Securities and Exchange Commission on March 31, 2000

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report on FORM 10-Q to be signed on its behalf by the undersigned thereunto duly authorized, this 15th day of May, 2000.

NBT BANCORP INC.

By: /S/ MICHAEL J. CHEWENS

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Michael J. Chewens, CPA  
Executive Vice President  
Chief Financial Officer and Treasurer

INDEX TO EXHIBITS

The following documents are attached as Exhibits to this FORM 10-Q or, if annotated by the symbol \*, are incorporated by reference as Exhibits as indicated by the page number or exhibit cross-reference to the prior filings of the Registrant with the Commission.

FORM 10-Q Exhibit NUMBER - - - - -		Exhibit CROSS-REFERENCE -----
3.1	Certificate of Incorporation of NBT Bancorp Inc., as amended through February 17, 2000	Herein
10.1	NBT Bancorp Inc. 1993 Stock Option Plan as amended through January 24, 2000	Herein
10.2	Form of Employment Agreement between NBT Bancorp Inc. and Daryl R. Forsythe made as of January 1, 2000	Herein
10.3	Supplemental Retirement Agreement between NBT Bancorp Inc., NBT Bank, National Association and Daryl R. Forsythe made as of January 1, 1995 and as revised on April 28, 1998, and on January 1, 2000	Herein
10.4	Form of Employment Agreement between NBT Bancorp Inc. and Martin A. Dietrich made as of January 1, 2000	Herein
10.5	Supplemental Retirement Agreement between NBT Bancorp Inc., NBT Bank, National Association and Martin A. Dietrich made as of January 1, 2000	Herein
10.6	Form of Employment Agreement between NBT Bancorp Inc. and Joe C. Minor made as of January 1, 2000	Herein
10.7	Supplemental Retirement Agreement between NBT Bancorp Inc., NBT Bank, National Association and Joe C. Minor made as of January 1, 2000	Herein
10.8	Form of Employment Agreement between NBT Bancorp Inc. and John G. Martines made as of February 17, 2000	Herein
10.9	Form of Change-In-Control Agreement between NBT Bancorp Inc. and the following officers of NBT Bancorp Inc. or one or more of its subsidiaries: John R. Bradley, Michael J. Chewens, Rita K. DeMarko, Martin A. Dietrich, Joseph J. Earyes, Daryl R. Forsythe, John G. Martines, Joe C. Minor, Jane Neal, David E. Raven, Kenneth C. Reilly, and John D. Roberts	Herein
10.10	NBT Bancorp Inc. 2000 Executive Incentive Compensation Plan	Herein
27.1	Financial Data Schedule for period ending March 31, 2000	Herein
27.2	Financial Data Schedule for period ending March 31, 1999	Herein





EXHIBIT 3.1  
Certificate of Incorporation of NBT Bancorp Inc.,  
as amended through February 17, 2000

CERTIFICATE OF INCORPORATION  
OF  
NBT BANCORP INC.  
AS AMENDED THROUGH  
FEBRUARY 17, 2000

FIRST: The name of the corporation (hereinafter called the Corporation) is NBT BANCORP INC.

SECOND: The address of the registered office of the Corporation in the State of Delaware is 229 South State Street, City of Dover, County of Kent; and the name of the registered agent of the Corporation in the State of Delaware at such address is The Prentice-Hall Corporation System, Inc.

THIRD: The nature of the business and the purpose to be conducted and promoted by the Corporation shall be to conduct any lawful business, to promote any lawful purpose, and to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

(A) FOURTH: The total number of shares of all classes of capital stock which the Corporation shall have the authority to issue is Thirty-Two Million Five Hundred Thousand (32,500,000) shares, consisting of Thirty Million (30,000,000) shares of Common Stock, par value \$.01 per share and Two Million Five Hundred Thousand (2,500,000) shares of Preferred Stock, par value \$.01 per share.

Each share of Common Stock having no par value, stated value \$1.00 per share ('Existing Common Stock') outstanding on the effective date of the amendment including this paragraph shall be reclassified as and changed into one share of Common Stock, par value \$.01 per share ("New Common Stock"), upon the effectiveness of such amendment. The certificates that prior to the effectiveness of such amendment represented Existing Common Stock shall remain outstanding and shall thereafter represent the shares of New Common Stock into which the Shares of Existing Common Stock have been reclassified as provided herein.

FIFTH: The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of the Article FOURTH, to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof.

The authority of the Board with respect to each series shall include, but not to be limited to, determination of the following:

(a) The number of shares constituting that series and the distinctive designation of that series;

(b) The dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends shares of that series;

(c) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(A) AS LAST AMENDED FEBRUARY 17, 2000

(d) Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provisions for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(e) Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(f) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(g) The right of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series;

(h) Any other relative rights, preferences and limitations of that series.

Dividends on outstanding shares of Preferred Stock shall be paid or declared and set apart for payment, before any dividends shall be paid or declared and set apart for payment on the Common Stock with respect to the same dividend period.

If upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the assets available for distribution to holders of shares of Preferred Stock of all series shall be insufficient to pay such holders the full preferential amount to which they are entitled, then such assets shall be distributed ratably among the shares of all series of Preferred Stock in accordance with the respective preferential amounts (including unpaid cumulative dividends, if any) payable with respect thereto.

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: The name and the mailing address of the incorporator are as follows:

## NAME

## MAILING ADDRESS

Everett A. Gilmour

52 South Broad Street  
Norwich, New York 13815

EIGHTH: For the management of the business and for the conduct of the affairs of the Corporation, and in further definition, limitation and regulation of the powers of the Corporation and of its directors and of its stockholders or any class thereof, as the case may be, it is further provided:

A. The management of the business and the conduct of the affairs of the Corporation shall be vested in its Board of Directors. The number of directors shall be fixed by, or in the manner provided in, the By-Laws. Directors need not be elected by written ballot, unless so required by the By-Laws of the Corporation.

B. After the original or other By-Laws of the Corporation have been adopted, amended, or repealed, as the case may be, in accordance with the provisions of Section 109 of the General Corporation Law of the State of Delaware, and after the Corporation has received any payment for any of its stock, the power to adopt, amend, or repeal the By-Laws of the Corporation may be exercised by the Board of Directors of the Corporation.

NINTH: Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. The books of the Corporation may be kept (subject to any provision contained in the statute) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation.

TENTH: From time to time, any of the provisions of this Certificate of Incorporation may be amended, altered or repealed, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, all in the manner now or hereafter prescribed by the laws of the State of Delaware, and all rights and powers at any time conferred upon the stockholders and the directors of the Corporation by this Certificate of Incorporation are granted, subject to the provisions of this Article TENTH. The provisions set forth in Article ELEVENTH may not be repealed or amended in any respect, unless such action is approved by the affirmative vote of the holders of not less than eighty percent (80%) of the outstanding shares of Voting Stock (as defined in Article ELEVENTH) of the Corporation; provided, however, if there is a Major Stockholder as defined in Article ELEVENTH, such eighty percent (80%) vote must include the affirmative vote of at least eighty percent (80%) of the outstanding shares of voting stock held by shareholders other than the Major Stockholder.

(B) ELEVENTH:

(a) The affirmative vote of the holders of not less than eighty percent (80%) of the total voting power of all outstanding shares entitled to vote in the election of any particular Class of Directors (as defined in Section (c) of this Article ELEVENTH) and held by disinterested shareholders (as defined below) shall be required for the approval or authorization of any "Business Combination," as defined and set forth below:

(1) Any merger, consolidation or other business reorganization or combination of the Corporation or any of its subsidiaries with any other corporation that is a Major Stockholder of the Corporation;

(2) Any sale, lease or exchange by the Corporation of all or a substantial part of its assets to or with a Major Stockholder;

(3) Any issue of any stock or other security of the Corporation or any of its subsidiaries for cash, assets or securities of a Major Stockholder;

(4) Any reverse stock split of, or exchange of securities, cash or other properties or assets of any outstanding securities of the Corporation or any of its subsidiaries or liquidation or dissolution of the Corporation or any of its subsidiaries in any such case in which a Major Stockholder receives any securities, cash or other assets whether or not different from those received or retained by any holder of securities of the same class as held by such Major Shareholder.

(B) AS AMENDED FEBRUARY 21, 1986

The affirmative vote required by this Article ELEVENTH shall be in addition to the vote of the holders of any class or series of stock of the Corporation otherwise required by law, by any other Article of this Certificate of Incorporation, or as this Certificate of Incorporation may be amended, by any resolution of the Board of Directors providing for the issuance of a class or series of stock, or by any agreement between the Corporation and any national securities exchange.

(b) For the purpose of this Article ELEVENTH:

(1) The term "Major Stockholder" shall mean and include any person, corporation, partnership, or other person or entity which, together with its "Affiliates" and "Associates" (as defined at Rule 12b-2 under the Securities Exchange Act of 1934), "beneficially owns" (as hereinafter defined) in the aggregate five percent (5%) or more of the outstanding shares of Voting Stock, and any Affiliates or Associates of any such person, corporation, partnership, or other person or entity.

(2) The term "Substantial Part" shall mean more than twenty-five percent (25%) of the fair market value of the total consolidated assets of the Corporation in question, or more than twenty-five percent (25%) of the aggregate par value of authorized and issued Voting Stock of the Corporation in question, as of the end of its most recent fiscal quarter ending prior to the time the determination is being made.

(3) The term "Voting Stock" shall mean the stock of Corporation entitled to vote in the election of directors.

(4) The term "Beneficial Owner" shall mean any person and certain related parties, directly, or indirectly who own shares or have the right to acquire or vote shares of the company.

(5) The term "Disinterested Shareholder" shall mean any holder of voting securities of the company other than (i) a Major Stockholder if it or any of them has a financial interest in the transaction being voted on (except for a financial interest attributable solely to such person's interest as a stockholder of the company which is identical to the interests of all stockholders of the same class) and (ii) in the context of a transaction described in (a) (4) above, any Major Stockholder (whether or not having a financial interest described in clause (i) of this sentence) if it or any of them has directly or indirectly proposed the transaction, solicited proxies to vote in favor of the transaction, financed any such solicitation of proxies or entered into any contract, arrangement, or understanding with any person for the voting of securities of the company in favor of the transaction.

(c) The provisions of this Article shall not apply to a Business Combination which is approved by sixty-six and two-thirds percent (66-2/3%) of those members of the Board of Directors who were directors prior to the time when the Major Stockholder became a Major Stockholder. The provisions of this Article shall not apply to a Business Combination which (i) does not change any stockholder's percentage ownership in the shares of stock entitled to vote in the election of directors of any successor of the Corporation from the percentage of the shares of Voting Stock owned by such stockholder; (ii) provides for the provisions of this Article without any amendment, change, alteration, or deletion, to apply to any successor to the Corporation; and (iii) does not transfer all or a Substantial Part of the Corporation's assets or Voting Stock other than to a wholly-owned subsidiary of the Corporation.

(d) Nothing contained in the Article shall be construed to relieve a Major Stockholder from any fiduciary obligation imposed by law. In addition, nothing contained in this Article shall prevent any stockholders of the Corporation from objecting to any Business Combination and from demanding any appraisal rights which may be available to such stockholder.

(c)

(e) The Board of Directors of the Corporation shall be divided into three classes: Class 1, Class 2 and Class 3, which shall be as nearly equal as possible. Each Director shall serve for a term ending on the date of the third Annual Meeting of Stockholders following the Annual Meeting at which such Director was elected; provided, however, that each initial Director in Class 1 shall hold office until the Annual Meeting of Stockholders in 1987; each initial Director in Class 2 shall hold office until the Annual Meeting of Stockholders in 1988; and each initial Director in Class 3 shall hold office until the Annual Meeting of Stockholders in 1989. Such initial Directors for each of the three Classes of Directors shall be as follows: Class 1 - John M. Kolbas and Paul O. Stillman; Class 2 - Donald E. Stone,

Darryl R. Gregson and Paul R. Enggaard; Class 3 - Everett A. Gilmour, J.K. Weinman and Thomas J. Mirabito. In the event of any increase or decrease in the authorized number of Directors, (1) each Director then serving as such nevertheless continue as a Director of the Class of which he is a member until the expiration of his current term, or his earlier resignation, removal from office or death, and (2) the newly created or eliminated directorships resulting from such increase or decrease shall be appointed by the Board of Directors among the three Classes of Directors so as to maintain such classes as nearly equal as possible. Notwithstanding any of the foregoing provisions of this Article ELEVENTH, each Director shall serve until his successor is elected and qualified or until his earlier resignation, removal from office or death.

(D) TWELTH: A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as director except for liability (i) for any breach of the director's duty of loyalty to the Corporation of its stockholders, (ii) for acts of omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, as the same exists or hereafter may be amended, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended Delaware General Corporation Law. Any repeal or modification of this paragraph by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

(C) PARAGRAPH (E) ADDED BY AMENDMENT FEBRUARY 21, 1986.

(D) ARTICLE TWELFTH ADDED BY AMENDMENT FEBRUARY 28, 1987.





EXHIBIT 10.1  
NBT Bancorp Inc. 1993 Stock Option Plan as amended through  
January 24, 2000

NBT BANCORP INC.  
1993 STOCK OPTION PLAN

1. Purposes. (a) The purposes of the 1993 Stock Option Plan (the "Plan") are (a) to attract and retain outstanding key management employees, (b) to further the growth, development, and financial success of NBT Bancorp Inc. (the "Company") by recognizing and rewarding those key employees responsible therefore, (c) to provide an incentive to, and encourage stock ownership in the Company, by those employees responsible for the policies and operations of the Company or its subsidiaries, and (d) to revise and amend the Company's stock option plan dated November 25, 1986, as amended January 12, 1988 (referred to herein as the "1986 Plan"), in the manner set forth in Section 22, below.

(b) In furtherance of these purposes, all stock options to be granted pursuant to the Plan shall be non-statutory ("non-qualified") stock options.

2. Administration. (a) This Plan shall be administered by the Board of Directors of the Company, the Compensation and Benefits Committee of the Board of Directors of the Company (or successor committee) or a subcommittee thereof (the "Committee"). The Committee shall consist of not fewer than three members of the Board of Directors. It is intended that the Committee at all times comply with the disinterested administration provisions of Rule 16b-3 promulgated under Section 16(b) of the Securities Exchange Act of 1934, as amended.

(b) The Committee shall have full authority and discretion to determine, consistent with the provisions of this Plan, the employees to be granted options; the times at which options will be granted; the option price of the shares subject to each option (subject to Section 6); the number of options to be granted to each employee; the period during which each option becomes exercisable (subject to Section 8); and the terms to be set forth in each option agreement. The Committee shall also have full authority and discretion to adopt and revise such rules and procedures as it shall deem necessary for the administration of this Plan. The Committee shall act by majority vote of all members taken at a meeting of the Committee or by the written affirmation of a majority of its members without a meeting.

(c) The Committee's interpretation and construction of any provisions of this Plan or any option granted hereunder shall be final, conclusive, and binding.

3. Eligibility. The Committee shall from time to time determine the key management employees of the Company and its subsidiaries who shall be granted options under this Plan. For purposes of this Plan, key management employees shall be deemed to be those employees who are responsible for the policies and operation of the Company and its subsidiaries, including its president, chief executive officer, other executive officers, department heads, branch managers, and division managers of the Company or its subsidiaries. A person who has been granted an option may be granted additional options under this Plan if the Committee shall so determine. The granting of an option under this Plan shall not affect any outstanding stock option previously granted to an optionee under this Plan or any other plan of the Company.

4. Shares of stock subject to this Plan. The number of shares which may be issued pursuant to options granted under this Plan shall not exceed 1,100,000 shares of the no par value, stated value \$1 .00 per share, common stock of the Company (the "Common Stock"). Such shares may be authorized and unissued shares or shares previously acquired or to be acquired by the Company and held in treasury. The Company shall reserve a sufficient number of shares for options granted under the Plan. Any shares subject to an option which expires for any reason or is terminated unexercised as to such shares may again be subject to an option under this Plan.

5. Issuance and terms of option certificates. Each optionee shall be entitled to receive an appropriate certificate evidencing his option and referring to the terms and conditions of this Plan.

6. Granting price of options. (a) The grant of each option shall state the number of shares to which it pertains and shall state the exercise price, which shall not be less than 100% of the fair market value of the Common Stock. "Fair Market Value," as used in this Plan, shall mean the average between the highest and lowest quoted selling prices of the Common Stock on the National Market System of NASDAQ on the date of grant and the five preceding trading days prior to the date of grant. If there is no sale reported on the National Market System of NASDAQ on the appropriate date, the Fair Market Value shall be determined by taking the average between the highest and lowest sales for the five most recent preceding trading days.

(b) The option price shall be payable in United States dollars and be paid in full upon the exercise of the option and may be paid in cash or by check, provided, however, that subject to the discretion of the Committee and provided that all required regulatory approvals, if any, have been obtained, the optionee may deliver certificates of the Common Stock of the Company in part or in full payment of the purchase price (including the payment of all applicable federal and state taxes due upon exercise) in which event such certificates shall be valued at their Fair Market Value upon exercise of the option.

7. Use of proceeds. The proceeds from the sale of the Common Stock upon exercise of options shall be added to the general funds of the Company and used for its corporate purposes.

8. Term and exercise of options. (a) Each option granted under this Plan shall be exercisable on the dates, for the number of shares and on such other terms as shall be provided in the agreement evidencing the option granted by the Committee. An option granted under the Plan shall become exercisable in installments as follows: to the extent of forty percent (40%) of the number of shares originally covered thereby with respect to each particular grant of options, at any time after the expiration of one year from the date of grant, and to the extent of an additional twenty percent (20%) of such number of shares upon the expiration of each succeeding year, so that upon the expiration of four years from the date of grant one hundred percent (100%) of such number of shares will be eligible for exercise by the optionee; and such installments shall be cumulative.

(b) An option may be exercised at any time or from time to time during the term of the option as to any or all full shares which have become

purchasable under the provisions of the option and this Plan. However, no option shall be exercisable until after one year from the date of grant, nor after the expiration of ten years from the date of grant.

(c) An option shall be exercised by written notice of intent to exercise the option with respect to a specified number of shares delivered to the Company's secretary or treasurer at its principal office in Norwich, New York and payment in full to the Company at such office of the amount of the option price for the number of shares of Common Stock with respect to which the option is then being exercised. In addition to and at the time of payment of the option price, the optionee shall pay to the Company in cash or in Common Stock of the Company the full amount of all federal and state withholding or other taxes applicable to the taxable income of such optionee resulting from such exercise.

(d) (i) Except as otherwise provided herein, for each share of Common Stock purchased by an optionee upon the exercise of a stock option pursuant to the Plan, the optionee upon the approval of the Board or the Committee shall receive a replacement option (a "Reload Option") to purchase another share of Common Stock at the Fair Market Value, determined in accordance with Section 6(a). The Board or the Committee shall grant such Reload Options as of the last business day of the calendar quarter during which the original stock options were exercised.

(ii) A Reload Option shall become exercisable two years after the date of its grant, provided the optionee is then an employee or retired employee of the Company, shall be exercisable for the same number of years that was originally assigned to the option which such Reload Option replaced, and shall be subject to such other terms and conditions as the Committee may determine.

(iii) No Reload Option shall be granted upon exercise of a Reload Option.

(iv) If an optionee shall sell shares of Common Stock without Board or Committee approval (which approval shall not be withheld in the case of an optionee's financial hardship) within two years after the grant of a Reload Option, then the number of shares of Common Stock available for purchase by an optionee upon the exercise of a Reload Option shall be reduced by that number of shares of Common Stock that the optionee shall have sold without such approval within such two-year period after the grant date of the Reload Option.

9. Nontransferability. All options granted under this Plan shall be nontransferable by the optionee, otherwise than by will or the laws of descent and distribution, and shall be exercisable during his lifetime, only by him, nor may any option be assigned, pledged, hypothecated, or otherwise disposed of in any other way. Upon any attempt to sell, transfer, assign, pledge, hypothecate or otherwise dispose of an option or any other right or privilege conferred under this Plan, such option and any other rights or privileges conferred hereunder shall be deemed forfeited, immediately terminated, and rendered null and void.

10. Requirements of law. The granting of options and the issuance of shares of Common Stock upon the exercise of an option shall be subject to all

applicable laws, rules, and regulations and shares shall not be issued except upon approval of proper government agencies or stock exchanges as may be required.

11. Termination of employment. (a) Except as otherwise provided herein and in Section 12, if an optionee's employment with the Company or its subsidiaries shall terminate for any reason, he may, but only within a period of 30 days beginning the day following the date of such termination of employment, exercise his option, to the extent that he was entitled to exercise it at the date of such termination.

(b)(i) If an optionee's employment with the Company or its subsidiaries shall terminate for "cause," as defined below, all options held by such optionee at the date of such termination of employment shall be deemed forfeited, immediately terminated, and rendered null and void.

(ii) Termination of an optionee's employment by the Company for "cause" shall mean termination because, and only because, the optionee committed an act of fraud, embezzlement, or theft constituting a felony or an act intentionally against the interests of the Company which causes the Company material injury. Notwithstanding the foregoing, the optionee shall not be deemed to have been terminated for cause unless and until there shall have been delivered to the optionee a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to the optionee and an opportunity for the optionee, together with optionee's counsel, to be heard before the Board), finding that in the good faith opinion of the Board the optionee was guilty of conduct constituting cause as defined above and specifying the particulars thereof in detail.

12. Retirement, disability, or death of optionee. (a) In the event that the optionee shall retire, the option shall become exercisable in full on the date of retirement, shall otherwise continue in full force and effect as if the optionee were still employed by the Company or its subsidiaries, and shall be exercisable in accordance with its terms.

(b) In the event that the optionee shall become permanently and totally disabled, as determined by the Committee in accordance with applicable Company personnel policies, such option shall become exercisable in full on the date of such disability and shall otherwise remain exercisable in accordance with its terms for the remaining term of the option as established upon grant of such option.

(c) In the event of the death of an optionee while in the employ of the Company or its subsidiaries, the option theretofore granted to him shall be exercisable only by the proper personal representative of the optionee's estate within a period of six months after the date of death and such option shall become exercisable in full on the date of such death.

13. Acceleration of Vesting. (a) Immediately upon the occurrence of a Change in Control of the Company, all options shall immediately vest and become exercisable in full, including that portion of any option that had not theretofore become vested and exercisable.

(b) A "Change of Control" of the Company shall mean:

(i) A change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A as in effect on the date hereof pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"); provided that, without limitation, such a change in control shall be deemed to have occurred at such time as any Person hereafter becomes the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 30 percent or more of the combined voting power of the Company's Voting Securities; or

(ii) During any period of two consecutive years, individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority thereof unless the election, or the nomination for election by the Company's shareholders, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period; or

(iii) There shall be consummated (x) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which Voting Securities would be converted into cash, securities, or other property, other than a merger of the Company in which the holders of Voting Securities immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger, or (y) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions), of all, or substantially all of the assets of the Company, provided that any such consolidation, merger, sale, lease, exchange or other transfer consummated at the insistence of an appropriate banking regulatory agency shall not constitute a change in control; or

(iv) Approval by the shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company.

(c) For purposes of these "Change in Control" provisions, the term "Person" shall mean and include any individual, corporation, partnership, group, association, or other "person," as such term is used in Section 14(d) of the Exchange Act, other than the Company or any employee benefit plan(s) sponsored by the Company.

(d) The term "Voting Securities" shall mean the Company's outstanding securities ordinarily having the right to vote at elections of directors.

14. Adjustments. In the event of any change in the outstanding shares of Common Stock by reason of any stock dividend or split, recapitalization, reclassification, merger, consolidation, combination or exchange of shares, or other similar corporate change, then if the Committee shall determine, in its sole discretion, that such change necessarily or equitably requires an adjustment in the number of shares subject to each outstanding option and the option prices or in the maximum number of shares subject to this Plan, such adjustments shall be made by the Committee and shall be conclusive and binding for all purposes of this Plan. No adjustment shall be made in connection with the sale by the Company of its Common Stock in the open market in an

SEC-registered offering or in a privately-placed exempt offering or the issuance by the Company of Common Stock pursuant to the Company's Automatic Dividend Reinvestment and Stock Purchase Plan or the Employees' Stock Ownership Plan or of any warrants, rights, or options to acquire additional shares of Common Stock or of securities convertible into Common Stock.

15. Extraordinary transactions. Upon (i) the dissolution or liquidation of the Company, (ii) a reorganization, merger or consolidation of the Company with one or more corporations or other entity as a result of which the Company is not the surviving corporation, or (iii) a sale of substantially all the assets of the Company to another corporation or other entity, the Board of Directors shall cause written notice of the proposed transaction to be given to the optionee or grantee not less than 40 days prior to the anticipated effective date of the proposed transaction, and the option shall be accelerated and, prior to a date specified in such notice, which shall be not more than ten days prior to the anticipated effective date of the proposed transaction, the optionee shall have the right to exercise the stock option to purchase any or all shares then subject to the option, including those, if any, which have not become available for purchase under other provisions of the Plan. The optionee, by so notifying the Company in writing, may, in exercising the stock options, condition such exercise upon, and provide that such exercise shall become effective at the time of but immediately prior to, the consummation of the transaction, in which event the optionee need not make payment for the shares of Common Stock to be purchased upon exercise of the option until five days after written notice by the Company to the optionee that the transaction is consummated. Each option, to the extent not previously exercised prior to the date specified in the foregoing notice, shall terminate on the effective date of such consummation. If the proposed transaction is abandoned, any shares of Common Stock not purchased upon exercise of the option shall continue to be available for exercise in accordance with the other provisions of the Plan, and the shares of Common Stock, if any, purchased upon exercise of an option pursuant to this subsection shall be deemed to have been purchased in the order in which they first become available for purchase under other provisions of the plan.

16. Claim to stock option, ownership, or employment rights. No employee or other person shall have any claim or right to be granted options under this Plan. No optionee, prior to issuance of the stock, shall be entitled to voting rights, dividends, or other rights of stockholders except as otherwise provided in this Plan. Neither this Plan nor any other action taken hereunder shall be construed as giving any employee any right to be retained in the employ of the Company or a subsidiary.

17. Unsecured obligation. Optionees under this Plan shall not have any interest in any fund or specific asset of the Company by reason of this Plan. No trust fund shall be created in connection with this Plan or any award thereunder, and there shall be no required funding of amounts which may become payable to any optionee.

18. Expenses of plan. The expenses of administering the Plan shall be borne by the Company.

19. Reliance on reports. Each member of the Committee and each member of the Board of Directors shall be fully justified in relying or acting in good faith upon any report made by the independent public accountants of the Company and its subsidiaries and upon any other information furnished in connection with the Plan by any person or persons other than himself. In no event shall any person who is or shall have been a member of the Committee or of the Board of Directors be liable for any determination made or other action taken or any omission to act in reliance upon any such report or information or for any action, including the furnishing of information, taken or failure to act, if in good faith.

20. Indemnification. Each person who is or shall have been a member of the Committee or of the Board of Directors shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him in connection with or resulting from any claim, action, suit, or proceeding to which he may be a party or in which he may be involved by reason of any action taken or failure to act, in good faith, under the Plan and against and from any and all amounts paid by him in settlement thereof, with the Company's approval, or paid by him in satisfaction of judgment in any such action, suit, or proceeding against him, provided he shall give the Company an opportunity, at its own expense, to handle and defend the same before he undertakes to handle and defend it on his own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such person may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power than the Company may have to indemnify them or hold them harmless.

21. Amendment and termination. Unless this Plan shall theretofore have been terminated as hereinafter provided, no options may be granted after April 18, 2008. The Board of Directors may terminate this Plan or modify or amend this Plan in such respect as it shall deem advisable, provided, however, that the Board of Directors may not without further approval by the Company's shareholders, (a) increase the aggregate number of shares of Common Stock as to which options may be granted under the Plan except as provided in Section 14, (b) change the class of persons eligible to receive options, (c) change the provisions of the Plan regarding the option price, (d) extend the period during which options may be granted, (e) extend the maximum period after the date of grant during which options may be exercised or (f) change the provision in the Plan as to the qualification for membership on the Committee. No termination or amendment of the Plan may, without the consent of a person to whom an option shall theretofore have been granted, adversely affect the rights of such person under such option.

22. Revision and amendment of 1986 Plan. (a) Upon the adoption of the Plan, the Board of Directors and the Committee shall have no authority to grant additional options or SARs pursuant to the 1986 Plan, except as otherwise provided in this Section.

(b) Article VI of the 1986 Plan is hereby amended to authorize the Board of Directors or the Committee to (i) dissolve the in tandem feature of previously-granted options and SARs and (ii) cancel previously granted SARs and grant replacement options on the basis of seven-tenths (.7) options for each SAR and such replacement options having terms similar to those of the canceled SARs,

the Board of Directors having determined that this was the amount necessary to induce holders of SARs to surrender such SARs.

23. Gender. Any masculine terminology used in this Plan shall also include the feminine gender.

24. Effective date of plan. The Plan was approved by a majority of the shareholders of the Company at its annual meeting on April 24, 1993 (or adjournment thereof) and shall become effective as of April 24, 1993.

25. Plan binding on successors. The Plan shall be binding upon the successors and assigns of the Company.

26. Ratification of actions. By accepting any option or other benefit under the Plan, each participant in the Plan and each person claiming under or through such participant shall be conclusively deemed to have indicated such person's acceptance and ratification of, and consent to, any action taken under the Plan by the Company, the Board, or the Committee.

27. Invalidity or unenforceability. If any term or provision of the Plan is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the terms and provisions will remain in full force and effect and will in no way be affected, impaired, or invalidated.

NBT BANCORP INC.

/S/ Daryl R. Forsythe

Daryl R. Forsythe  
President and Chief Executive Officer

/S/ John D. Roberts

John D. Roberts  
Secretary





EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") made and entered into as of the first day of January, 2000, by and between DARYL R. FORSYTHE ("Executive") and NBT BANCORP INC., a Delaware corporation having its principal office in Norwich, New York ("NBTB")

W I T N E S S E T H T H A T :

WHEREAS, Executive is the president and chief executive officer of NBTB and chairman and chief executive officer of NBT Bank, National Association, a national banking association which is a wholly-owned subsidiary of NBTB ("NBT Bank");

WHEREAS, NBTB desires to secure the continued employment of Executive, subject to the provisions of this Agreement; and

WHEREAS, Executive is desirous of entering into the Agreement for such periods and upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements hereinafter set forth, intending to be legally bound, the parties agree as follows:

1. EMPLOYMENT; RESPONSIBILITIES AND DUTIES.

(a) NBTB hereby agrees to employ Executive, and Executive hereby agrees to serve as the president and chief executive officer of NBTB, during the first fifteen months of the Term of Employment and as chairman, president and chief executive officer of NBTB during the next twenty-one months of the Term of Employment. NBTB further agrees to cause NBT Bank to employ Executive, and Executive hereby agrees to serve as the chairman and chief executive officer of NBT Bank, during the first fifteen months of the Term of Employment and as chairman of the board of NBT Bank during the next twenty-one months of the Term of Employment. Executive shall have such executive duties, responsibilities, and authority as shall be set forth in the bylaws of NBTB and NBT Bank or as may otherwise be determined by NBTB.

(b) Executive shall devote his full working time and best efforts to the performance of his responsibilities and duties hereunder. During the Term of Employment, Executive shall not, without the prior written consent of the Board of Directors of NBTB, render services as an employee, independent contractor, or otherwise, whether or not compensated, to any person or entity other than NBTB or its affiliates; provided that Executive may, where involvement in such activities does not individually or in the aggregate significantly interfere with the performance by Executive of his duties or violate the provisions of section 4 hereof, (i) render services to charitable organizations, (ii) manage his personal investments, and (iii) with the prior permission of the Board of Directors of NBTB, hold such other directorships or part-time academic appointments or have such other business affiliations as would otherwise be prohibited under this section 1.

2. TERM OF EMPLOYMENT.

(a) The term of this Agreement ("Term of Employment") shall be the period commencing on the date of this Agreement (the "Commencement Date") and continuing until the Termination Date, which shall mean the earliest to occur of:

(i) the third anniversary of the Commencement Date, unless the Term of Employment shall be extended for one additional year by the mutual agreement of the parties;

(ii) the death of Executive;

(iii) Executive's inability to perform his duties hereunder, as a result of physical or mental disability as reasonably determined by the personal physician of Executive, for a period of at least 180 consecutive days or for at least 180 days during any period of twelve consecutive months during the Term of Employment; or

(iv) the discharge of Executive by NBTB "for cause," which shall mean one or more of the following:

(A) any willful or gross misconduct by Executive with respect to the business and affairs of NBTB or NBT Bank, or with respect to any of its affiliates for which Executive is assigned material responsibilities or duties;

(B) the conviction of Executive of a felony (after the earlier of the expiration of any applicable appeal period without perfection of an appeal by Executive or the denial of any appeal as to which no further appeal or review is available to Executive) whether or not committed in the course of his employment by NBTB;

(C) Executive's willful neglect, failure, or refusal to carry out his duties hereunder in a reasonable manner (other than any such failure resulting from disability or death or from termination by Executive for Good Reason, as hereinafter defined) after a written demand for substantial performance is delivered to Executive that specifically identifies the manner in which NBTB believes that Executive has not substantially performed his duties and Executive has not resumed substantial performance of his duties on a continuous basis within thirty days of receiving such demand; or

(D) the breach by Executive of any representation or warranty in section 6(a) hereof or of any agreement contained in section 1, 4, 5, or 6(b) hereof, which breach is material and adverse to NBTB or any of its affiliates for which Executive is assigned material responsibilities or duties; or

(v) Executive's resignation from his position as chairman, president, or chief executive officer of NBTB or NBT Bank other than in implementation of the schedule set out in section 1(a) of this Agreement or for "Good Reason," as hereinafter defined; or

(vi) the termination of Executive's employment by NBTB "without cause," which shall be for any reason other than those set forth in subsections (i), (ii), (iii), (iv), or (v) of this section 2(a), at any time, upon the thirtieth day following notice to Executive; or

(vii) Executive's resignation for "Good Reason."

"Good Reason" shall mean, without Executive's express written consent, reassignment of Executive to a position other than as set forth in section 1(a) of this Agreement other than for "Cause," or a decrease in the amount or level of Executive's salary or benefits from the amount or level established in section 3 hereof.

(b) In the event that the Term of Employment shall be terminated for any reason other than that set forth in section 2(a)(vi) or 2(a)(vii) hereof, Executive shall be entitled to receive, upon the occurrence of any such event:

(i) any salary (as hereinafter defined) payable pursuant to section 3(a)(i) hereof which shall have accrued as of the Termination Date; and

(ii) such rights as Executive shall have accrued as of the Termination Date under the terms of any plans or arrangements in which he participates pursuant to section 3(b) hereof, any right to reimbursement for expenses accrued as of the Termination Date payable pursuant to section 3(h) hereof, and the right to receive the cash equivalent of paid annual leave and sick leave accrued as of the Termination Date pursuant to section 3(d) hereof.

(c) In the event that the Term of Employment shall be terminated for the reason set forth in section 2(a)(vi) or 2(a)(vii) hereof, Executive shall be entitled to receive:

(i) any salary payable pursuant to section 3(a)(i) hereof which shall have accrued as of the Termination Date, and, for the period commencing on the date immediately following the Termination Date and ending upon and including the later of the third anniversary of the Commencement Date or the first anniversary of the Termination Date, salary payable at the rate established pursuant to section 3(a)(i) hereof, in a manner consistent with the normal payroll practices of NBTB with respect to executive personnel as presently in effect or as they may be modified by NBTB from time to time; and

(ii) such rights as Executive may have accrued as of the Termination Date under the terms of any plans or arrangements in which he participates pursuant to section 3(b) hereof, any right to reimbursement for expenses accrued as of the Termination Date payable pursuant to section 3(h) hereof, and the right to receive the cash equivalent of paid annual leave and sick leave accrued as of the Termination Date pursuant to section 3(d) hereof.

(d) Any provision of this section 2 to the contrary notwithstanding, in the event that the employment of Executive with NBTB is terminated in any situation described in section 3 of the change-in-control letter agreement dated January 1, 2000 between NBTB and Executive (the "Change-in-Control Agreement") so as to entitle Executive to a severance payment and other benefits described in section 3 of the Change-in-Control Agreement, then Executive shall be entitled to receive the following, and no more, under this section 2:

(i) any salary payable pursuant to section 3(a) hereof which shall have accrued as of the Termination Date;

(ii) such rights as Executive shall have accrued as of the Termination Date under the terms of any plans or arrangements in which he participates pursuant to section 3(b) hereof, any right to reimbursement for expenses accrued as of the Termination Date payable pursuant to section 3(h) hereof, and the right to receive the cash equivalent of paid annual leave and sick leave accrued as of the Termination Date pursuant to section 3(d) hereof; and

(iii) the severance payment and other benefits provided in the Change-in-Control Agreement.

3. COMPENSATION. For the services to be performed by Executive for NBTB and its affiliates under this Agreement, Executive shall be compensated in the following manner:

(a) SALARY. During the Term of Employment:

(i) NBTB shall pay Executive a salary which, on an annual basis, shall not be less than \$300,000 during the first year of the Term of Employment, \$350,000 during the second year of the Term of Employment, \$400,000 during the third year of the Term of Employment, and \$400,000 during the additional year, if any, by which the Term of Employment shall be extended pursuant to section 2(a)(i), assuming Executive performs competently. Salary shall be payable in accordance with the normal payroll practices of NBTB with respect to executive personnel as presently in effect or as they may be modified by NBTB from time to time.

(ii) Executive shall be eligible to be considered for performance bonuses of up to 80 percent of salary, in accordance with the compensation policies of NBTB with respect to executive personnel as presently in effect or as they may be modified by NBTB from time to time.

(b) EMPLOYEE BENEFIT PLANS OR ARRANGEMENTS. During the Term of Employment, Executive shall be entitled to participate in all employee benefit plans of NBTB, as presently in effect or as they may be modified by NBTB from time to time, under such terms as may be applicable to officers of Executive's rank employed by NBTB or its affiliates, including, without limitation, plans providing retirement benefits, stock options, medical insurance, life insurance, disability insurance, and accidental death or dismemberment insurance, provided that there be no duplication of such benefits as are provided under any other provision of this Agreement.

(c) STOCK OPTIONS. Each January or February annually during the Term of Employment, NBTB will cause Executive to be granted a non-statutory ("non-qualified") stock option (each an "Option") to purchase the number of shares of the common stock of NBTB, no par value, \$1.00 stated value, or the common stock of NBTB as reclassified to have a par value of \$.01 per share, as the case may be (the "NBTB Common Stock"), pursuant to the NBT Bancorp Inc. 1993 Stock Option Plan, as amended, or any appropriate successor plan (the "Stock Option Plan"), computed by dividing 250 percent of the annualized salary of Executive on the date of grant of the Option by the "Fair Market Value" of NBTB Common Stock (as defined in the Stock Option Plan). The option exercise price per share of the shares subject to each Option shall be such Fair Market Value, and the terms, conditions of exercise, and vesting schedule of such Option shall be as set forth in section 8 of the Stock Option Plan.

(d) VACATION AND SICK LEAVE. During the Term of Employment, Executive shall be entitled to paid annual vacation periods and sick leave in accordance with the policies of NBTB as in effect as of the Commencement Date or as may be modified by NBTB from time to time as may be applicable to officers of Executive's rank employed by NBTB or its affiliates, but in no event less than five weeks of paid vacation per year during the first year of the Term of Employment, six weeks of paid vacation per year during the second year of the Term of Employment, and three weeks of paid vacation per year during each of the third year of the Term of Employment and the additional year, if any, by which the Term of Employment shall be extended pursuant to section 2(a)(i), during each of which third year and additional year Executive shall additionally be excused from physical presence within the Market Area (as defined in section 4(e) of this Agreement) during the months of January, February, and March except on an as-required basis as mutually agreed by the board of directors of NBTB and Executive.

(e) AUTOMOBILE. During the Term of Employment, Executive shall be entitled to the use of an automobile owned by NBTB or an affiliate of NBTB, the make and model of which automobile shall be appropriate to an officer of Executive's rank, and which will be replaced with a new automobile during the second year of the Term of Employment. Executive shall be responsible for all expenses of ownership and use of such automobile, subject to reimbursement of expenses for business use in accordance with section 3(h).

(f) COUNTRY CLUB DUES. During the Term of Employment, Executive shall be reimbursed for dues and assessments incurred in relation to Executive's membership at Seven Oaks Country Club, Hamilton, New York.

(g) WITHHOLDING. All compensation to be paid to Executive hereunder shall be subject to required withholding and other taxes.

(h) EXPENSES. During the Term of Employment, Executive shall be reimbursed for reasonable travel and other expenses incurred or paid by Executive in connection with the performance of his services under this Agreement, upon presentation of expense statements or vouchers or such other supporting information as may from time to time be requested, in accordance with such policies of NBTB as are in effect as of the Commencement Date and as may be modified by NBTB from time to time, under such terms as may be applicable to officers of Executive's rank employed by NBTB or its affiliates.

4. CONFIDENTIAL BUSINESS INFORMATION; NON-COMPETITION.

(a) Executive acknowledges that certain business methods, creative techniques, and technical data of NBTB and its affiliates and the like are deemed by NBTB to be and are in fact confidential business information of NBTB or its affiliates or are entrusted to third parties. Such confidential information includes but is not limited to procedures, methods, sales relationships developed while in the service of NBTB or its affiliates, knowledge of customers and their requirements, marketing plans, marketing information, studies, forecasts, and surveys, competitive analyses, mailing and marketing lists, new business proposals, lists of vendors, consultants, and other persons who render service or provide material to NBTB or NBT Bank or their affiliates, and compositions, ideas, plans, and methods belonging to or related to the affairs of NBTB or NBT Bank or their affiliates. In this regard, NBTB asserts proprietary rights in all of its business information and that of its affiliates except for such information as is clearly in the public domain. Notwithstanding the foregoing, information that would be generally known or available to persons skilled in Executive's fields shall be considered to be "clearly in the public domain" for the purposes of the preceding sentence. Executive agrees that he will not disclose or divulge to any third party, except as may be required by his duties hereunder, by law, regulation, or order of a court or government authority, or as directed by NBTB, nor shall he use to the detriment of NBTB or its affiliates or use in any business or on behalf of any business competitive with or substantially similar to any business of NBTB or NBT Bank or their affiliates, any confidential business information obtained during the course of his employment by NBTB. The foregoing shall not be construed as restricting Executive from disclosing such information to the employees of NBTB or NBT Bank or their affiliates.

(b) Executive hereby agrees that from the Commencement Date until the first anniversary of the Termination Date, Executive will not (i) interfere with the relationship of NBTB or NBT Bank or their affiliates with any of their employees, suppliers, agents, or representatives (including, without limitation, causing or helping another business to hire any employee of NBTB or NBT Bank or their affiliates), or (ii) directly or indirectly divert or attempt to divert from NBTB, NBT Bank or their affiliates any business in which any of them has been actively engaged during the Term of Employment, nor interfere with the relationship of NBTB, NBT Bank or their affiliates with any of their customers or prospective customers. This paragraph 4(b) shall not, in and of itself, prohibit Executive from engaging in the banking, trust, or financial services business in any capacity, including that of an owner or employee.

(c) Executive acknowledges and agrees that irreparable injury will result to NBTB in the event of a breach of any of the provisions of this section 4 (the "Designated Provisions") and that NBTB will have no adequate remedy at law with respect thereto. Accordingly, in the event of a material breach of any Designated Provision, and in addition to any other legal or equitable remedy NBTB may have, NBTB shall be entitled to the entry of a

preliminary and permanent injunction (including, without limitation, specific performance) by a court of competent jurisdiction in Chenango County, New York, or elsewhere, to restrain the violation or breach thereof by Executive, and Executive submits to the jurisdiction of such court in any such action.

(d) It is the desire and intent of the parties that the provisions of this section 4 shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this section 4 shall be adjudicated to be invalid or unenforceable, such provision shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. In addition, should any court determine that the provisions of this section 4 shall be unenforceable with respect to scope, duration, or geographic area, such court shall be empowered to substitute, to the extent enforceable, provisions similar hereto or other provisions so as to provide to NBTB, to the fullest extent permitted by applicable law, the benefits intended by this section 4.

5. LIFE INSURANCE. In light of the unusual abilities and experience of Executive, NBTB in its discretion may apply for and procure as owner and for its own benefit insurance on the life of Executive, in such amount and in such form as NBTB may choose. NBTB shall make all payments for such insurance and shall receive all benefits from it. Executive shall have no interest whatsoever in any such policy or policies but, at the request of NBTB, shall submit to medical examinations and supply such information and execute such documents as may reasonably be required by the insurance company or companies to which NBTB has applied for insurance.

6. REPRESENTATIONS AND WARRANTIES.

(a) Executive represents and warrants to NBTB that his execution, delivery, and performance of this Agreement will not result in or constitute a breach of or conflict with any term, covenant, condition, or provision of any commitment, contract, or other agreement or instrument, including, without limitation, any other employment agreement, to which Executive is or has been a party.

(b) Executive shall indemnify, defend, and hold harmless NBTB for, from, and against any and all losses, claims, suits, damages, expenses, or liabilities, including court costs and counsel fees, which NBTB has incurred or to which NBTB may become subject, insofar as such losses, claims, suits, damages, expenses, liabilities, costs, or fees arise out of or are based upon any failure of any representation or warranty of Executive in section 6(a) hereof to be true and correct when made.

7. NOTICES. All notices, consents, waivers, or other communications which are required or permitted hereunder shall be in writing and deemed to have been duly given if delivered personally or by messenger, transmitted by telex or telegram, by express courier, or sent by registered or certified mail, return



receipt requested, postage prepaid. All communications shall be addressed to the appropriate address of each party as follows:

If to NBTB:

NBT Bancorp Inc.  
52 South Broad Street  
Norwich, New York 13815

Attention: Board of Directors

With a required copy to:

Brian D. Alprin, Esq.  
Duane, Morris & Heckscher LLP  
1667 K Street, N.W., Suite 700  
Washington, D.C. 20006

If to Executive:

Mr. Daryl R. Forsythe  
21 Ridgeland Road  
Norwich, New York 13815

All such notices shall be deemed to have been given on the date delivered, transmitted, or mailed in the manner provided above.

8. ASSIGNMENT. Neither party may assign this Agreement or any rights or obligations hereunder without the consent of the other party.

9. GOVERNING LAW. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of New York, without giving effect to the principles of conflict of law thereof. The parties hereby designate Chenango County, New York to be the proper jurisdiction and venue for any suit or action arising out of this Agreement. Each of the parties consents to personal jurisdiction in such venue for such a proceeding and agrees that it may be served with process in any action with respect to this Agreement or the transactions contemplated thereby by certified or registered mail, return receipt requested, or to its registered agent for service of process in the State of New York. Each of the parties irrevocably and unconditionally waives and agrees, to the fullest extent permitted by law, not to plead any objection that it may now or hereafter have to the laying of venue or the convenience of the forum of any action or claim with respect to this Agreement or the transactions contemplated thereby brought in the courts aforesaid.

10. ENTIRE AGREEMENT. This Agreement constitutes the entire understanding among NBTB and Executive relating to the subject matter hereof. Any previous agreements or understandings between the parties hereto or between Executive and NBTB or any of its affiliates regarding the subject matter hereof, including without limitation the terms and conditions of employment, compensation, benefits, retirement, competition following employment, and the like, are merged into and superseded by this Agreement. Neither this Agreement nor any provisions hereof can be modified, changed, discharged, or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge, or termination is sought.

11. ILLEGALITY; SEVERABILITY.

(a) Anything in this Agreement to the contrary notwithstanding, this Agreement is not intended and shall not be construed to require any payment to Executive which would violate any federal or state statute or regulation, including without limitation the "golden parachute payment regulations" of the Federal Deposit Insurance Corporation codified to Part 359 of title 12, Code of Federal Regulations.

(b) If any provision or provisions of this Agreement shall be held to be invalid, illegal, or unenforceable for any reason whatsoever:

(i) the validity, legality, and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal, or unenforceable) shall not in any way be affected or impaired thereby; and

(ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provisions held to be invalid, illegal, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal, or unenforceable.

12. ARBITRATION. Subject to the right of each party to seek specific performance (which right shall not be subject to arbitration), if a dispute arises out of or related to this Agreement, or the breach thereof, such dispute shall be referred to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). A dispute subject to the provisions of this section will exist if either party notifies the other party in writing that a dispute subject to arbitration exists and states, with reasonable specificity, the issue subject to arbitration (the "Arbitration Notice"). The parties agree that, after the issuance of the Arbitration Notice, the parties will try in good faith to resolve the dispute by mediation in accordance with the Commercial Rules of Arbitration of AAA between the date of the issuance of the Arbitration Notice and the date the dispute is set for arbitration. If the dispute is not settled by the date set for arbitration, then any controversy or claim arising out of this Agreement or the breach hereof shall be resolved by binding arbitration and judgment upon any award rendered by arbitrator(s) may be entered in a court having jurisdiction. Any person serving

as a mediator or arbitrator must have at least ten years' experience in resolving commercial disputes through arbitration. In the event any claim or dispute involves an amount in excess of \$100,000, either party may request that the matter be heard by a panel of three arbitrators; otherwise all matters subject to arbitration shall be heard and resolved by a single arbitrator. The arbitrator shall have the same power to compel the attendance of witnesses and to order the production of documents or other materials and to enforce discovery as could be exercised by a United States District Court judge sitting in the Northern District of New York. In the event of any arbitration, each party shall have a reasonable right to conduct discovery to the same extent permitted by the Federal Rules of Civil Procedure, provided that such discovery shall be concluded within ninety days after the date the matter is set for arbitration. In the event of any arbitration, the arbitrator or arbitrators shall have the power to award reasonable attorney's fees to the prevailing party. Any provision in this Agreement to the contrary notwithstanding, this section shall be governed by the Federal Arbitration Act and the parties have entered into this Agreement pursuant to such Act.

13. COSTS OF LITIGATION. In the event litigation is commenced to enforce any of the provisions hereof, or to obtain declaratory relief in connection with any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorney's fees. In the event this Agreement is asserted in any litigation as a defense to any liability, claim, demand, action, cause of action, or right asserted in such litigation, the party prevailing on the issue of that defense shall be entitled to recovery of reasonable attorney's fees.

14. AFFILIATION. A company will be deemed to be "affiliated" with NBTB or NBT Bank according to the definition of "Affiliate" set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

15. HEADINGS. The section and subsection headings herein have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF, the parties hereto executed or caused this Agreement to be executed as of the day and year first above written.

NBT BANCORP INC.

By: /S/ EVERETT A. GILMOUR  
Everett A. Gilmour  
Chairman of the Board

DARYL R. FORSYTHE

/S/ Daryl R. Forsythe



EXHIBIT 10.3

Supplemental Retirement Agreement between NBT Bancorp Inc., NBT Bank, National Association and Daryl R. Forsythe made as of January 1, 1995 and as revised on April 28, 1998, and on January 1, 2000

SUPPLEMENTAL RETIREMENT AGREEMENT

(AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2000)

This sets forth the terms of an agreement for the payment of supplemental retirement income ("Agreement") made as of January 1, 1995 (and as revised on April 28, 1998, and on January 1, 2000) between (i) NBT BANCORP INC., a Delaware corporation and a registered bank holding company, and NBT BANK, NATIONAL ASSOCIATION, a national banking association chartered under the laws of the United States, both having offices located at Norwich, New York (collectively, the "Bank"), and (ii) DARYL R. FORSYTHE, an individual residing at 21 Ridgeland Road, Norwich, New York 13815, and who is a member of a select group of management or highly compensated employees within the meaning of section 201(2) of the Employee Retirement Income Security Act of 1974, as amended ("Forsythe").

1. PURPOSE OF THE AGREEMENT. The purpose of this Agreement is to provide Forsythe a supplemental retirement benefit in accordance with the terms of this Agreement.

2. DEFINITIONS. For purposes of this Agreement, the following words shall have the meaning indicated:

(a) ACTUARIAL EQUIVALENT. "Actuarial Equivalent" shall have the same meaning the term "Actuarial Equivalent" has under Section 2.03 of the Qualified Plan using the following actuarial assumptions:

MORTALITY: "Applicable Mortality Rate" as such term is defined in Section 2.03c of the Qualified Plan.

INTEREST RATE: "Applicable Interest Rate" as such term is defined in Section 2.09b of the Qualified Plan.

(b) BENEFICIARY. "Beneficiary" shall mean such living person or living persons designated by Forsythe in accordance with subparagraph 5(a) to receive benefits under this Agreement after his death, or his personal or legal representative, all as herein described and provided. If no Beneficiary is designated by Forsythe or if no Beneficiary survives Forsythe, the Beneficiary shall be Forsythe's estate.

(c) CAUSE. "Cause" shall mean Forsythe's:

(i) willful or gross misconduct with respect to the business and affairs of the Bank, or with respect to any of its affiliates for which Forsythe is assigned material responsibilities or duties;

(ii) conviction of a felony (after the earlier of the expiration of any applicable appeal period without perfection of an appeal by Forsythe or the denial of any appeal as to which no further appeal or review is available to Forsythe) whether or not committed in the course of his employment by the Bank;

(iii) willful neglect, failure, or refusal to carry out his duties under the Employment Agreement between NBT Bancorp Inc. and Forsythe dated as of January 1, 2000 (the "Employment Agreement") in a reasonable manner (other than any such failure resulting from disability or death or from termination by Forsythe for Good Reason, as defined in the Employment Agreement) after a written demand for substantial performance is delivered to Forsythe that specifically identifies the manner in which the Bank believes that Forsythe has not substantially performed his duties and he has not resumed substantial performance of his duties on a continuous basis within thirty days of receiving such demand; or

(iv) breach of any representation or warranty in section 6(a) of the Employment Agreement or of any agreement contained in section 1, 4, 5, or 6(b) of the Employment Agreement, which breach is material and adverse to the Bank or any of its affiliates for which Forsythe is assigned material responsibilities or duties.

(d) CHANGE OF CONTROL. "Change of Control" shall mean a Change in Control as such term is defined in the Change of Control Agreement between Forsythe and the Bank dated January 1, 2000 (a revision of the April 28, 1998 and February 21, 1995 agreements).

(e) CODE. "Code" shall mean the Internal Revenue Code of 1986, as amended.

(f) DETERMINATION DATE. "Determination Date" shall mean the earlier of (i) the date of termination of Forsythe's employment with the Bank or (ii) the first day of the month following Forsythe's 65th birthday.

(g) FINAL AVERAGE COMPENSATION. "Final Average Compensation" shall have the same meaning the term "Final Average Compensation" has under Section 2.27 of the Qualified Plan, except that in determining the amount of Compensation (as defined in Section 2.14 of the Qualified Plan) to be used in calculating Final Average Compensation under Section 2.27 of the Qualified Plan, Compensation shall not be subject to the compensation limitation of section 401(a)(17) of the Code.

(h) FULL-TIME EMPLOYEE. "Full-Time Employee" shall mean an employee who works not less than 1,000 hours in a calendar year.

(i) OTHER RETIREMENT BENEFITS. "Other Retirement Benefits" shall mean the sum of:

(i) The annual benefit payable to Forsythe from the Qualified Plan, plus

(ii) The annual benefit that could be provided by (A) Bank contributions (other than elective deferrals) made on Forsythe's behalf under the NBT Bancorp Inc. 401(k) and Employee Stock Ownership Plan, and (B) actual earnings on contributions in (A), if such contributions and earnings were converted to a benefit payable at age 65 in the same form as the benefit paid under this Agreement, using the same actuarial assumptions as are provided under subparagraph 2(a).

The amount of Other Retirement Benefits shall be determined by an actuary selected by the Bank, with such determination to be made without reduction for payment of benefits prior to any stated "normal retirement date" and without regard to whether Forsythe is receiving payment of such benefits on the Determination Date. To the extent Forsythe receives a payment of Other Retirement Benefits described in subparagraph 2(i)(ii) prior to the date the Supplemental Retirement Benefit is determined pursuant to this Agreement, the total of such Other Retirement Benefits shall be determined by including and assuming that such amounts earned interest at a variable rate equal to the one-year United States Treasury bill rate as reported in the New York edition of The Wall Street Journal on the Determination Date from the date received to the date Other Retirement Benefits are calculated for purposes of this Agreement.

(j) PRESENT VALUE. "Present Value" shall mean the present value of a benefit determined on the basis of the following actuarial assumptions:

MORTALITY: "Applicable Mortality Rate" as such term is defined in Section 2.03c of the Qualified Plan.

INTEREST RATE: "Applicable Interest Rate" as such term is defined in Section 2.09b of the Qualified Plan.

(k) QUALIFIED PLAN. "Qualified Plan" shall mean the NBT BANCORP Inc. Defined Benefit Pension Plan.

(l) SOCIAL SECURITY BENEFIT. "Social Security Benefit" shall mean Forsythe's actual social security benefit at his Social Security Retirement Age.

(m) SOCIAL SECURITY RETIREMENT AGE. "Social Security Retirement Age" shall have the same meaning the term "Social Security Retirement Age" has under Section 2.58 of the Qualified Plan.

(n) YEAR OF SERVICE. "Year of Service" shall mean a calendar year in which Forsythe completes not less than 1,000 hours of service.



3. AMOUNT OF SUPPLEMENTAL RETIREMENT BENEFIT.

(a) SUPPLEMENTAL RETIREMENT BENEFIT.

(i) AMOUNT PAYABLE ON AND AFTER AGE 65. If Forsythe shall remain employed by the Bank until reaching his 65th birthday, serving as a Full-Time Employee until such date, and subject to the other terms and conditions of this Agreement, the Bank shall pay Forsythe an annual "Supplemental Retirement Benefit" determined as follows:

(A) ON AND AFTER AGE 65 BUT BEFORE SOCIAL SECURITY RETIREMENT AGE. Forsythe shall be entitled to a Supplemental Retirement Benefit on and after his 65th birthday but before his Social Security Retirement Age in an amount equal to the excess of (1) 75 percent of Forsythe's Final Average Compensation, over (2) Forsythe's Other Retirement Benefits, determined as of the Determination Date and calculated in accordance with paragraph 2(i).

(B) ON AND AFTER SOCIAL SECURITY RETIREMENT AGE. Forsythe shall be entitled to a Supplemental Retirement Benefit on and after his Social Security Retirement Age in an amount equal to the excess of (1) 75 percent of Forsythe's Final Average Compensation, over (2) the sum of (aa) Forsythe's Other Retirement Benefits, determined as of the Determination Date and calculated in accordance with paragraph 2(i), plus (bb) Forsythe's Social Security Benefit.

(ii) AMOUNT PAYABLE ON AND AFTER AGE 56 BUT BEFORE AGE 60. If Forsythe shall remain employed by the Bank until reaching his 56th birthday, serving as a Full-Time Employee until such date and he continues to serve as a Full-Time Employee until the date of his retirement, and he retires then or thereafter but before reaching his 60th birthday, and subject to the other terms and conditions of this Agreement, the Bank shall pay Forsythe on his 60th birthday, pursuant to subparagraph 4(b), or to his spouse or other Beneficiary, pursuant and subject to subparagraph 6(c) if he has died before his 60th birthday, a reduced early Supplemental Retirement Benefit calculated in accordance with subparagraph 3(b) and the following schedule:

(A) If the date of Forsythe's retirement shall be on or after his 56th birthday but before his 57th birthday, the Bank shall pay Forsythe 20% of the reduced early Supplemental Retirement Benefit so calculated;

(B) If the date of Forsythe's retirement shall be on or after his 57th birthday but before his 58th birthday, the Bank shall pay Forsythe 40% of the reduced early Supplemental Retirement Benefit so calculated;

(C) If the date of Forsythe's retirement shall be on or after his 58th birthday but before his 59th birthday, the Bank shall pay Forsythe 60% of the reduced early Supplemental Retirement Benefit so calculated; and

(D) If the date of Forsythe's retirement shall be on or after his 59th birthday but before his 60th birthday, the Bank shall pay Forsythe 80% of the reduced early Supplemental Retirement Benefit so calculated.

(iii) AMOUNT PAYABLE ON AND AFTER AGE 60 BUT BEFORE AGE 65. If Forsythe shall remain employed by the Bank until reaching his 60th birthday, serving as a Full-Time Employee until such date and he continues to serve as a Full-Time Employee until the date of his retirement, and he retires then or thereafter but before reaching his 65th birthday, and subject to the other terms and conditions of this Agreement, the Bank shall pay Forsythe a reduced early Supplemental Retirement Benefit calculated in accordance with subparagraph 3(b).

(b) EARLY SUPPLEMENTAL RETIREMENT BENEFIT. If the Bank commences payment of a reduced early Supplemental Retirement Benefit before Forsythe reaches age 65, the amount paid shall equal the product of (i) the Supplemental Retirement Benefit, as calculated under subparagraph 3(a)(i)(A), times (ii) a fraction, the numerator of which shall be the number of complete months of Forsythe's employment with the Bank after January 1, 1995, and the denominator of which is 164 (the number of complete months of employment Forsythe would have had after January 1, 1995 if he remained employed by the Bank until the first day of the month following his 65th birthday).

#### 4. TIME OF PAYMENT.

(a) Except as provided in subparagraph 4(b) (early retirement) and paragraph 6 (payment on death), the Bank shall pay the Supplemental Retirement Benefit commencing on the first day of the month following Forsythe's attainment of age 65.

(b) Notwithstanding subparagraph 4(a), the Bank shall commence payment of a reduced early Supplemental Retirement Benefit on the first day of the month following Forsythe's Determination Date in connection with early retirement after reaching age 60 and prior to the date of his 65th birthday; provided that, if Forsythe shall retire prior to his 60th birthday as permitted in this Agreement, the Bank shall commence payment of the reduced early Supplemental Retirement Benefit on the first day of the month following Forsythe's 60th birthday.

#### 5. FORM OF PAYMENT.

(a) The Supplemental Retirement Benefit described in paragraph 3 of this Agreement shall be paid as a straight life annuity, payable

in monthly installments, for Forsythe's life; provided, however, that if Forsythe has no surviving spouse and dies before having received 60 monthly payments, such monthly payments shall be continued to his Beneficiary until the total number of monthly payments to Forsythe and his Beneficiary equal 60, whereupon all payments shall cease and the Bank's obligation under this Agreement shall be deemed to have been fully discharged. If Forsythe and his Beneficiary shall die before having received a total of 60 monthly payments, an amount equal to the Actuarial Equivalent of the balance of such monthly payments shall be paid in a single sum to the estate of the survivor of Forsythe and his Beneficiary. If Supplemental Retirement Benefits are payable in the form described in this subparagraph 5(a), Forsythe shall designate in writing, as his Beneficiary, any person or persons, primarily, contingently or successively, to whom the Bank shall pay benefits following Forsythe's death if Forsythe's death occurs before 60 monthly payments have been made.

(b) Notwithstanding the form of payment described in subparagraph 5(a), if Forsythe is married on the date payment of the Supplemental Retirement Benefit commences, the benefit shall be paid as a 50% joint and survivor annuity with Forsythe's spouse as the Beneficiary. The 50% joint and survivor annuity shall be the Actuarial Equivalent of the benefit described in subparagraph 5(a). If the Supplemental Retirement Benefit is payable pursuant to this subparagraph 5(b), but Forsythe's spouse fails to survive him, no payments will be made pursuant to this Agreement following Forsythe's death.

(c) Notwithstanding the foregoing provisions of this paragraph 5, the Bank, in its sole discretion, may accelerate the payment of all or any portion of the Supplemental Retirement Benefit or the reduced early Supplemental Retirement Benefit at any time. Any payment accelerated in accordance with this subparagraph 5(c) shall be the Actuarial Equivalent of the payment being accelerated.

(d) If payment of a reduced early Supplemental Retirement Benefit commences pursuant to subparagraph 4(b), and payments are accelerated pursuant to subparagraph 5(c), the reduction described in subparagraph 3(b) shall be applied before any Actuarial Equivalent is determined under this paragraph 5.

6. PAYMENTS UPON FORSYTHE'S DEATH.

(a) Except as provided in subparagraphs 6(b) and (c), if Forsythe shall die before his 65th birthday, no payment shall be due his estate under this Agreement.

(b) If Forsythe's death shall occur on or after his 60th birthday, after he has retired but before payment of any Supplemental Retirement Benefit has commenced, Forsythe's surviving spouse shall be paid as a straight life annuity 50 percent of the Supplemental Retirement Benefit for her life commencing within 30 days following Forsythe's death, calculated in accordance with subparagraph 3(b). Such

payments shall be made in monthly installments, subject to the right of the Bank to accelerate payment at any time in accordance with subparagraph 5(c).

(c) If Forsythe elects early retirement pursuant to subparagraph 3(a)(ii) or (iii) and he dies before payment of any Supplemental Retirement Benefit has commenced, Forsythe's surviving spouse shall be paid, in monthly installments, as a straight life annuity, 50 percent of such Supplemental Retirement Benefit for her life commencing within 30 days following Forsythe's death, subject to the right of the Bank to accelerate such payments as provided in subparagraph 5(c). However, if Forsythe's spouse fails to survive him, the Bank shall pay to Forsythe's estate a lump sum benefit equal to 50 percent of the Present Value of Forsythe's Supplemental Retirement Benefit.

(d) Except as otherwise provided in subparagraph 6(c), no payments shall be made under this Agreement if Forsythe dies before payment of any Supplemental Retirement Benefit begins and his spouse fails to survive him.

(e) If Forsythe's death shall occur after payment of a Supplemental Retirement Benefit has commenced, Forsythe surviving spouse or other Beneficiaries shall receive payments under this Agreement to the extent provided in paragraph 5.

7. FORFEITURE FOR CAUSE. Notwithstanding any other provision of this Agreement, if Forsythe's employment with the Bank is terminated for Cause, Forsythe and his spouse or other Beneficiaries shall forfeit all rights to any payment under this Agreement.

8. POWERS. The Bank shall have such powers as may be necessary to discharge its duties under this Agreement, including the power to interpret and construe this Agreement and to determine all questions regarding employment, disability status, service, earnings, income and such factual matters as birth and marital status. The Bank's determinations hereunder shall be conclusive and binding upon the parties hereto and all other persons having or claiming an interest under this Agreement. The Bank shall have no power to add to, subtract from, or modify any of the terms of this Agreement. The Bank's determinations hereunder shall be entitled to deference upon review by any court, agency or other entity empowered to review its decisions, and shall not be overturned or set aside by any court, agency or other entity unless found to be arbitrary, capricious or contrary to law.

9. CLAIMS PROCEDURE.

(a) Any claim for benefits by Forsythe, his spouse or other Beneficiaries shall be made in writing to the Bank. In this paragraph, Forsythe and his Beneficiaries are referred to as "claimants."

(b) If the Bank denies a claim in whole or in part, it shall send the claimant a written notice of the denial within 90 days after the date it receives a claim, unless it needs additional time to make its decision. In that case, the Bank may authorize an extension of an

additional 90 days if it notifies the claimant of the extension within the initial 90-day period. The extension notice shall state the reasons for the extension and the expected decision date.

(c) A denial notice shall contain:

(i) The specific reason or reasons for the denial of the claim;

(ii) Specific reference to pertinent Agreement provisions upon which the denial is based;

(iii) A description of any additional material or information necessary to perfect the claim, with an explanation of why the material or information is necessary; and

(iv) An explanation of the review procedures provided below.

(d) Within 60 days after the claimant receives a denial notice, he or she may file a request for review with the Bank. Any such request must be made in writing.

(e) A claimant who timely requests review shall have the right to review pertinent documents, to submit additional information or written comments, and to be represented.

(f) The Bank shall send the claimant a written decision on any request for review within 60 days after the date it receives a request for review, unless an extension of time is needed, due to special circumstances. In that case, the Bank may authorize an extension of an additional 60 days, provided it notifies the claimant of the extension within the initial 60-day period.

(g) The review decision shall contain:

(i) The specific reason or reasons for the decision; and

(ii) Specific reference to the pertinent Agreement provisions upon which the decision is based.

(h) If the Bank does not send the claimant a review decision within the applicable time period, the claim shall be deemed denied on review.

(i) The denial notice or, in the case of a timely review, the review decision (including a deemed denial under subparagraph 9(h)) shall be the Bank's final decision.

10. ASSIGNMENT. Neither Forsythe nor his spouse or other Beneficiaries may transfer his, her or their right to payments to which he, she or they are entitled under this Agreement. Except insofar as may otherwise be required by law, any Supplemental Retirement Benefit payable under this Agreement shall not be subject in any manner to alienation by anticipation, sale, transfer, assignment, pledge or encumbrance, nor subject to the debts, contracts, or liabilities of Forsythe or his spouse or other Beneficiaries.

11. CONTINUED EMPLOYMENT. This Agreement shall not be construed as conferring on Forsythe a right to continued employment with the Bank.

12. FUNDING.

(a) The Supplemental Retirement Benefit at all times shall be entirely unfunded, and no provision shall at any time be made with respect to segregating any assets of the Bank for payments of any benefits hereunder, except that in the event of a Change of Control, the Bank, within five (5) days of such Change of Control, shall fund a grantor trust within the meaning of section 671 of the Code with an amount sufficient to cover all potential liabilities under this Agreement.

(b) Neither Forsythe nor his spouse or other Beneficiaries shall have any interest in any particular assets of the Bank by reason of the right to receive a benefit under this Agreement. Forsythe and his spouse or other Beneficiaries shall have only the rights of general unsecured creditors of the Bank with respect to any rights under this Agreement.

(c) Nothing contained in this Agreement shall constitute a guarantee by the Bank or any entity or person that the assets of the Bank will be sufficient to pay any benefit hereunder.

13. WITHHOLDING. Any payment made pursuant to this Agreement shall be reduced by federal and state income, FICA or other employee payroll, withholding or other similar taxes the Bank may be required to withhold. In addition, as the Supplemental Retirement Benefit accrues during Forsythe's employment with the Bank, the Bank may withhold from Forsythe's regular compensation from the Bank any FICA or other employee payroll, withholding or other similar taxes the Bank may be required to withhold.

14. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, and shall inure to the benefit of, the successors and assigns of the Bank.

15. APPLICABLE LAW. This Agreement shall be construed and administered in accordance with the laws of the State of New York, except to the extent preempted by federal law.

16. AMENDMENT. This Agreement may not be amended, modified or otherwise altered except by written instrument executed by both parties.

17. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement and understanding of the parties, and supersedes all prior agreements or understanding (whether oral or written) between the parties, relating to deferred compensation and/or supplemental retirement income.

The parties hereby execute this Agreement as follows:

NBT BANCORP INC.

By: /S/ EVERETT A. GILMOUR

Date: 1/1/2000  
-----

Its: CHAIRMAN  
-----

NBT BANK, NATIONAL ASSOCIATION

By:

Date: -----

Its:

Date: 1/1/2000  
-----

/S/ DARYL R. FORSYTHE  
-----  
DARYL R. FORSYTHE





EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") made and entered into as of the first day of January, 2000, by and between MARTIN A. DIETRICH ("Executive") and NBT BANCORP INC., a Delaware corporation having its principal office in Norwich, New York ("NBTB")

W I T N E S S E T H A T :

WHEREAS, Executive is the president and chief operating officer and a director of NBT Bank, National Association, a national banking association which is a wholly-owned subsidiary of NBTB ("NBT Bank");

WHEREAS, NBTB desires to secure the continued employment of Executive, subject to the provisions of this Agreement; and

WHEREAS, Executive is desirous of entering into the Agreement for such periods and upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements hereinafter set forth, intending to be legally bound, the parties agree as follows:

1. EMPLOYMENT; RESPONSIBILITIES AND DUTIES.

(a) NBTB hereby agrees to cause NBT Bank to employ Executive, and Executive hereby agrees to serve as the president and chief operating officer of NBT Bank, during the Term of Employment. Executive shall have such executive duties, responsibilities, and authority as shall be set forth in the bylaws of NBT Bank or as may otherwise be determined by NBTB or by NBT Bank. During the Term of Employment, Executive shall report directly to the chief executive officer of NBTB.

(b) NBTB hereby agrees to cause Executive to be reelected to the board of directors of NBT Bank for successive terms throughout the Term of Employment.

(c) Executive shall devote his full working time and best efforts to the performance of his responsibilities and duties hereunder. During the Term of Employment, Executive shall not, without the prior written consent of the Board of Directors of NBTB, render services as an employee, independent contractor, or otherwise, whether or not compensated, to any person or entity other than NBTB or its affiliates; provided that Executive may, where involvement in such activities does not individually or in the aggregate significantly interfere with the performance by Executive of his duties or violate the provisions of section 4 hereof, (i) render services to charitable organizations, (ii) manage his personal investments, and (iii) with the prior permission of the Board of Directors of NBTB or the president and chief executive officer of NBTB, hold such other directorships or part-time academic appointments or have such other business affiliations as would otherwise be prohibited under this section 1.

2. TERM OF EMPLOYMENT.

(a) The term of this Agreement ("Term of Employment") shall be the period commencing on the date of this Agreement (the "Commencement Date") and continuing until the Termination Date, which shall mean the earliest to occur of:

(i) the third anniversary of the Commencement Date, provided, however, that on the second anniversary of the Commencement Date, and on each anniversary of the Commencement Date thereafter, the Term of Employment shall automatically extend itself by one additional year;

(ii) the death of Executive;

(iii) Executive's inability to perform his duties hereunder, as a result of physical or mental disability as reasonably determined by the personal physician of Executive, for a period of at least 180 consecutive days or for at least 180 days during any period of twelve consecutive months during the Term of Employment; or

(iv) the discharge of Executive by NBTB "for cause," which shall mean one or more of the following:

(A) any willful or gross misconduct by Executive with respect to the business and affairs of NBTB or NBT Bank, or with respect to any of its affiliates for which Executive is assigned material responsibilities or duties;

(B) the conviction of Executive of a felony (after the earlier of the expiration of any applicable appeal period without perfection of an appeal by Executive or the denial of any appeal as to which no further appeal or review is available to Executive) whether or not committed in the course of his employment by NBTB;

(C) Executive's willful neglect, failure, or refusal to carry out his duties hereunder in a reasonable manner (other than any such failure resulting from disability or death or from termination by Executive for Good Reason, as hereinafter defined) after a written demand for substantial performance is delivered to Executive that specifically identifies the manner in which NBTB believes that Executive has not substantially performed his duties and Executive has not resumed substantial performance of his duties on a continuous basis within thirty days of receiving such demand; or

(D) the breach by Executive of any representation or warranty in section 6(a) hereof or of any agreement contained in section 1, 4, 5, or 6(b) hereof, which breach is material and adverse to NBTB or any of its affiliates for which Executive is assigned material responsibilities or duties; or

(v) Executive's resignation from his position as president and chief operating officer of NBT Bank other than (A) for "Good Reason," as hereinafter defined, or (B) following a "Change in Reporting," as hereinafter defined; or

(vi) the termination of Executive's employment by NBTB "without cause," which shall be for any reason other than those set forth in subsections (i), (ii), (iii), (iv), or (v) of this section 2(a), at any time, upon the thirtieth day following notice to Executive; or

(vii) Executive's resignation for "Good Reason," or

(viii) Executive's resignation following a "Change in Reporting."

"Good Reason" shall mean, without Executive's express written consent, reassignment of Executive to a position other than as president and chief operating officer of NBT Bank other than for "Cause," or a decrease in the amount or level of Executive's salary or benefits from the amount or level established in section 3 hereof.

If during the Term of Employment Executive shall be required to report to a person or organizational level within NBTB different from the person or organizational level to which Executive is required to report as of the date of this Agreement, then during the ninety-day period commencing upon the communication of such requirement to Executive (or such longer period agreed to by NBTB), Executive in his sole discretion may either (x) consent to such requirement, in which event this Agreement shall continue in accordance with its terms, (y) require NBTB to engage in good-faith re-negotiation of the terms of this Agreement, or (z) resign his employment, in which event such resignation shall be deemed to be a resignation following a "Change in Reporting."

(b) In the event that the Term of Employment shall be terminated for any reason other than that set forth in section 2(a)(vi) or 2(a)(vii) hereof, Executive shall be entitled to receive, upon the occurrence of any such event:

(i) any salary (as hereinafter defined) payable pursuant to section 3(a)(i) hereof which shall have accrued as of the Termination Date; and

(ii) such rights as Executive shall have accrued as of the Termination Date under the terms of any plans or arrangements in which he participates pursuant to section 3(b) hereof, any right to reimbursement for expenses accrued as of the Termination Date payable pursuant to section 3(h) hereof, and the right to receive the cash equivalent of paid annual leave and sick leave accrued as of the Termination Date pursuant to section 3(d) hereof.

(c) In the event that the Term of Employment shall be terminated for the reason set forth in section 2(a)(vi) or 2(a)(vii) hereof, Executive shall be entitled to receive:

(i) any salary payable pursuant to section 3(a) hereof which shall have accrued as of the Termination Date, and, for the period commencing on the date immediately following the Termination Date and ending upon and including the latest of the third anniversary of the Commencement Date, the date to which the Term of Employment shall (as of the Termination Date) have automatically extended itself under section 2(a)(i)(A) or 2(a)(i)(B) hereof, or the first anniversary of the Termination Date, salary payable at the rate established pursuant to section 3(a)(i) hereof, in a manner consistent with the normal payroll practices of NBTB with respect to executive personnel as presently in effect or as they may be modified by NBTB from time to time; and

(ii) such rights as Executive may have accrued as of the Termination Date under the terms of any plans or arrangements in which he participates pursuant to section 3(b) hereof, any right to reimbursement for expenses accrued as of the Termination Date payable pursuant to section 3(h) hereof, and the right to receive the cash equivalent of paid annual leave and sick leave accrued as of the Termination Date pursuant to section 3(d) hereof.

(d) Any provision of this section 2 to the contrary notwithstanding, in the event that the employment of Executive with NBTB is terminated in any situation described in section 3 of the change-in-control letter agreement dated January 1, 2000 between NBTB and Executive (the "Change-in-Control Agreement") so as to entitle Executive to a severance payment and other benefits described in section 3 of the Change-in-Control Agreement, then Executive shall be entitled to receive the following, and no more, under this section 2:

(i) any salary payable pursuant to section 3(a) hereof which shall have accrued as of the Termination Date;

(ii) such rights as Executive shall have accrued as of the Termination Date under the terms of any plans or arrangements in which he participates pursuant to section 3(b) hereof, any right to reimbursement for expenses accrued as of the Termination Date payable pursuant to section 3(h) hereof, and the right to receive the cash equivalent of paid annual leave and sick leave accrued as of the Termination Date pursuant to section 3(d) hereof; and

(iii) the severance payment and other benefits provided in the Change-in-Control Agreement.

3. COMPENSATION. For the services to be performed by Executive for NBTB and its affiliates under this Agreement, Executive shall be compensated in the following manner:

(a) SALARY. During the Term of Employment:

(i) NBTB shall pay Executive a salary which, on an annual basis, shall not be less than \$230,000 during the Term of Employment,

assuming Executive performs competently. Salary shall be payable in accordance with the normal payroll practices of NBTB with respect to executive personnel as presently in effect or as they may be modified by NBTB from time to time.

(ii) Executive shall be entitled to annual salary increases of 8 percent during the Term of Employment, beginning in the second year of the Term of Employment, and shall be eligible to be considered for further salary increases, upon review, in accordance with the compensation policies of NBTB with respect to executive personnel as presently in effect or as they may be modified by NBTB from time to time.

(iii) Executive shall be eligible to be considered for performance bonuses of up to 75 percent of salary, in accordance with the compensation policies of NBTB with respect to executive personnel as presently in effect or as they may be modified by NBTB from time to time.

(b) EMPLOYEE BENEFIT PLANS OR ARRANGEMENTS. During the Term of Employment, Executive shall be entitled to participate in all employee benefit plans of NBTB, as presently in effect or as they may be modified by NBTB from time to time, under such terms as may be applicable to officers of Executive's rank employed by NBTB or its affiliates, including, without limitation, plans providing retirement benefits, stock options, medical insurance, life insurance, disability insurance, and accidental death or dismemberment insurance, provided that there be no duplication of such benefits as are provided under any other provision of this Agreement.

(c) STOCK OPTIONS. Each January or February annually during the Term of Employment, NBTB will cause Executive to be granted a non-statutory ("non-qualified") stock option (each an "Option") to purchase the number of shares of the common stock of NBTB, no par value, \$1.00 stated value, or the common stock of NBTB as reclassified to have a par value of \$.01 per share, as the case may be (the "NBTB Common Stock"), pursuant to the NBT Bancorp Inc. 1993 Stock Option Plan, as amended, or any appropriate successor plan (the "Stock Option Plan"), computed by dividing 250 percent of the annualized salary of Executive on the date of grant of the Option by the "Fair Market Value" of NBTB Common Stock (as defined in the Stock Option Plan). The option exercise price per share of the shares subject to each Option shall be such Fair Market Value, and the terms, conditions of exercise, and vesting schedule of such Option shall be as set forth in section 8 of the Stock Option Plan.

(d) VACATION AND SICK LEAVE. During the Term of Employment, Executive shall be entitled to paid annual vacation periods and sick leave in accordance with the policies of NBTB as in effect as of the Commencement Date or as may be modified by NBTB from time to time as may be applicable to officers of Executive's rank employed by NBTB or its affiliates, but in no event less than four weeks of paid vacation per year.

(e) AUTOMOBILE. During the Term of Employment, Executive shall be entitled to the use of an automobile owned by NBTB or an affiliate of NBTB, the make, model, and year of which automobile shall be appropriate to an officer of Executive's rank employed by NBTB or its affiliates and consistent with that

provided to others of Executive's rank employed by NBTB or its affiliates. During the first year of the Term of Employment, the automobile used by Executive will be replaced with a new automobile, whose value shall not exceed \$45,000 escalated by an amount calculated by the controller's division of NBT Bank to adjust for the effect of inflation upon \$45,000 between the Commencement Date and the date of the replacement of the vehicle (an "Inflation Adjustment"). During the remaining term of the Term of Employment, should three years elapse from the date of the automobile replacement described in the previous sentence (or any subsequent automobile replacement that takes place under this section), or, if earlier, should the replaced automobile (or any automobile provided under such subsequent automobile replacement) have accumulated 50,000 miles, then it will be replaced with a new automobile whose value shall not exceed the sum of \$45,000 and an Inflation Adjustment. Executive shall be responsible for all expenses of ownership and use of any such automobile, subject to reimbursement of expenses for business use in accordance with section 3(h).

(f) COUNTRY CLUB DUES. During the Term of Employment, Executive shall be reimbursed for dues and assessments incurred in relation to Executive's membership at [ ].

(g) WITHHOLDING. All compensation to be paid to Executive hereunder shall be subject to required withholding and other taxes.

(h) EXPENSES. During the Term of Employment, Executive shall be reimbursed for reasonable travel and other expenses incurred or paid by Executive in connection with the performance of his services under this Agreement, upon presentation of expense statements or vouchers or such other supporting information as may from time to time be requested, in accordance with such policies of NBTB as are in effect as of the Commencement Date and as may be modified by NBTB from time to time, under such terms as may be applicable to officers of Executive's rank employed by NBTB or its affiliates.

#### 4. CONFIDENTIAL BUSINESS INFORMATION; NON-COMPETITION.

(a) Executive acknowledges that certain business methods, creative techniques, and technical data of NBTB and its affiliates and the like are deemed by NBTB to be and are in fact confidential business information of NBTB or its affiliates or are entrusted to third parties. Such confidential information includes but is not limited to procedures, methods, sales relationships developed while in the service of NBTB or its affiliates, knowledge of customers and their requirements, marketing plans, marketing information, studies, forecasts, and surveys, competitive analyses, mailing and marketing lists, new business proposals, lists of vendors, consultants, and other persons who render service or provide material to NBTB or NBT Bank or their affiliates, and compositions, ideas, plans, and methods belonging to or related to the affairs of NBTB or NBT Bank or their affiliates. In this regard, NBTB asserts proprietary rights in all of its business information and that of its affiliates except for such information as is clearly in the public domain. Notwithstanding the foregoing, information that would be generally known or

available to persons skilled in Executive's fields shall be considered to be "clearly in the public domain" for the purposes of the preceding sentence. Executive agrees that he will not disclose or divulge to any third party, except as may be required by his duties hereunder, by law, regulation, or order of a court or government authority, or as directed by NBTB, nor shall he use to the detriment of NBTB or its affiliates or use in any business or on behalf of any business competitive with or substantially similar to any business of NBTB or NBT Bank or their affiliates, any confidential business information obtained during the course of his employment by NBTB. The foregoing shall not be construed as restricting Executive from disclosing such information to the employees of NBTB or NBT Bank or their affiliates. On or before the Termination Date, Executive shall promptly deliver to NBTB any and all tangible, confidential information in his possession.

(b) Executive hereby agrees that from the Commencement Date until the earlier of the first anniversary of the Termination Date or the date of Executive's resignation following a "Change in Reporting," Executive will not (i) interfere with the relationship of NBTB or NBT Bank or their affiliates with any of their employees, suppliers, agents, or representatives (including, without limitation, causing or helping another business to hire any employee of NBTB or NBT Bank or their affiliates), or (ii) directly or indirectly divert or attempt to divert from NBTB, NBT Bank or their affiliates any business in which any of them has been actively engaged during the Term of Employment, nor interfere with the relationship of NBTB, NBT Bank or their affiliates with any of their customers or prospective customers. This paragraph 4(b) shall not, in and of itself, prohibit Executive from engaging in the banking, trust, or financial services business in any capacity, including that of an owner or employee.

(c) Executive acknowledges and agrees that irreparable injury will result to NBTB in the event of a breach of any of the provisions of this section 4 (the "Designated Provisions") and that NBTB will have no adequate remedy at law with respect thereto. Accordingly, in the event of a material breach of any Designated Provision, and in addition to any other legal or equitable remedy NBTB may have, NBTB shall be entitled to the entry of a preliminary and permanent injunction (including, without limitation, specific performance) by a court of competent jurisdiction in Chenango County, New York, or elsewhere, to restrain the violation or breach thereof by Executive, and Executive submits to the jurisdiction of such court in any such action.

(d) It is the desire and intent of the parties that the provisions of this section 4 shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this section 4 shall be adjudicated to be invalid or unenforceable, such provision shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. In addition, should any court determine that the provisions of this section 4 shall be unenforceable with respect to scope, duration, or geographic area, such court shall be empowered to substitute, to the extent enforceable, provisions similar hereto or other provisions so as to provide to NBTB, to the fullest extent permitted by applicable law, the benefits intended by this section 4.

5. LIFE INSURANCE. In light of the unusual abilities and experience of Executive, NBTB in its discretion may apply for and procure as owner and for its own benefit insurance on the life of Executive, in such amount and in such form as NBTB may choose. NBTB shall make all payments for such insurance and shall receive all benefits from it. Executive shall have no interest whatsoever in any such policy or policies but, at the request of NBTB, shall submit to medical examinations and supply such information and execute such documents as may reasonably be required by the insurance company or companies to which NBTB has applied for insurance.

6. REPRESENTATIONS AND WARRANTIES.

(a) Executive represents and warrants to NBTB that his execution, delivery, and performance of this Agreement will not result in or constitute a breach of or conflict with any term, covenant, condition, or provision of any commitment, contract, or other agreement or instrument, including, without limitation, any other employment agreement, to which Executive is or has been a party.

(b) Executive shall indemnify, defend, and hold harmless NBTB for, from, and against any and all losses, claims, suits, damages, expenses, or liabilities, including court costs and counsel fees, which NBTB has incurred or to which NBTB may become subject, insofar as such losses, claims, suits, damages, expenses, liabilities, costs, or fees arise out of or are based upon any failure of any representation or warranty of Executive in section 6(a) hereof to be true and correct when made.

7. NOTICES. All notices, consents, waivers, or other communications which are required or permitted hereunder shall be in writing and deemed to have been duly given if delivered personally or by messenger, transmitted by telex or telegram, by express courier, or sent by registered or certified mail, return receipt requested, postage prepaid. All communications shall be addressed to the appropriate address of each party as follows:

If to NBTB:

NBT Bancorp Inc.  
52 South Broad Street  
Norwich, New York 13815

Attention: Mr. Daryl R. Forsythe  
President and Chief Executive Officer



With a required copy to:

Brian D. Alprin, Esq.  
Duane, Morris & Heckscher LLP  
1667 K Street, N.W., Suite 700  
Washington, D.C. 20006

If to Executive:

Mr. Martin A. Dietrich  
155 Serenity Drive  
Norwich, New York 13815

All such notices shall be deemed to have been given on the date delivered, transmitted, or mailed in the manner provided above.

8. ASSIGNMENT. Neither party may assign this Agreement or any rights or obligations hereunder without the consent of the other party.

9. GOVERNING LAW. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of New York, without giving effect to the principles of conflict of law thereof. The parties hereby designate Chenango County, New York to be the proper jurisdiction and venue for any suit or action arising out of this Agreement. Each of the parties consents to personal jurisdiction in such venue for such a proceeding and agrees that it may be served with process in any action with respect to this Agreement or the transactions contemplated thereby by certified or registered mail, return receipt requested, or to its registered agent for service of process in the State of New York. Each of the parties irrevocably and unconditionally waives and agrees, to the fullest extent permitted by law, not to plead any objection that it may now or hereafter have to the laying of venue or the convenience of the forum of any action or claim with respect to this Agreement or the transactions contemplated thereby brought in the courts aforesaid.

10. ENTIRE AGREEMENT. This Agreement constitutes the entire understanding among NBTB and Executive relating to the subject matter hereof. Any previous agreements or understandings between the parties hereto or between Executive and NBT Bank or any of its affiliates regarding the subject matter hereof, including without limitation the terms and conditions of employment, compensation, benefits, retirement, competition following employment, and the like, are merged into and superseded by this Agreement. Neither this Agreement nor any provisions hereof can be modified, changed, discharged, or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge, or termination is sought.

11. ILLEGALITY; SEVERABILITY.

(a) Anything in this Agreement to the contrary notwithstanding, this Agreement is not intended and shall not be construed to require any payment to Executive which would violate any federal or state statute or regulation, including without limitation the "golden parachute payment regulations" of the Federal Deposit Insurance Corporation codified to Part 359 of title 12, Code of Federal Regulations.

(b) If any provision or provisions of this Agreement shall be held to be invalid, illegal, or unenforceable for any reason whatsoever:

(i) the validity, legality, and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal, or unenforceable) shall not in any way be affected or impaired thereby; and

(ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provisions held to be invalid, illegal, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal, or unenforceable.

12. ARBITRATION. Subject to the right of each party to seek specific performance (which right shall not be subject to arbitration), if a dispute arises out of or related to this Agreement, or the breach thereof, such dispute shall be referred to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). A dispute subject to the provisions of this section will exist if either party notifies the other party in writing that a dispute subject to arbitration exists and states, with reasonable specificity, the issue subject to arbitration (the "Arbitration Notice"). The parties agree that, after the issuance of the Arbitration Notice, the parties will try in good faith to resolve the dispute by mediation in accordance with the Commercial Rules of Arbitration of AAA between the date of the issuance of the Arbitration Notice and the date the dispute is set for arbitration. If the dispute is not settled by the date set for arbitration, then any controversy or claim arising out of this Agreement or the breach hereof shall be resolved by binding arbitration and judgment upon any award rendered by arbitrator(s) may be entered in a court having jurisdiction. Any person serving as a mediator or arbitrator must have at least ten years' experience in resolving commercial disputes through arbitration. In the event any claim or dispute involves an amount in excess of \$100,000, either party may request that the matter be heard by a panel of three arbitrators; otherwise all matters subject to arbitration shall be heard and resolved by a single arbitrator. The arbitrator shall have the same power to compel the attendance of witnesses and to order the production of documents or other materials and to enforce discovery as could be exercised by a United States District Court judge sitting in the Northern District of New York. In the event of any arbitration, each party shall have a reasonable right to conduct discovery to the same extent permitted by the Federal Rules of Civil Procedure, provided that such discovery shall be concluded within ninety days after the date the matter is set for arbitration. In the event of any arbitration, the arbitrator or arbitrators shall have the

power to award reasonable attorney's fees to the prevailing party. Any provision in this Agreement to the contrary notwithstanding, this section shall be governed by the Federal Arbitration Act and the parties have entered into this Agreement pursuant to such Act.

13. COSTS OF LITIGATION. In the event litigation is commenced to enforce any of the provisions hereof, or to obtain declaratory relief in connection with any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorney's fees. In the event this Agreement is asserted in any litigation as a defense to any liability, claim, demand, action, cause of action, or right asserted in such litigation, the party prevailing on the issue of that defense shall be entitled to recovery of reasonable attorney's fees.

14. AFFILIATION. A company will be deemed to be "affiliated" with NBTB or NBT Bank according to the definition of "Affiliate" set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

15. HEADINGS. The section and subsection headings herein have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF, the parties hereto executed or caused this Agreement to be executed as of the day and year first above written.

NBT BANCORP INC.

By: /S/ DARYL R. FORSYTHE  
Daryl R. Forsythe  
President and Chief Executive Officer

MARTIN A. DIETRICH

/S/ MARTIN A. DIETRICH



SUPPLEMENTAL RETIREMENT AGREEMENT

This sets forth the terms of an agreement for the payment of supplemental retirement income ("Agreement") made as of January 1, 2000 between (i) NBT BANCORP INC., a Delaware corporation and a registered bank holding company, and NBT BANK, NATIONAL ASSOCIATION, a national banking association chartered under the laws of the United States, both having offices located at Norwich, New York (collectively, the "Bank"), and (ii) MARTIN A. DIETRICH, an individual residing at 155 Serenity Drive, Norwich, New York 13815, and who is a member of a select group of management or highly compensated employees within the meaning of section 201(2) of the Employee Retirement Income Security Act of 1974, as amended ("Dietrich").

1. PURPOSE OF THE AGREEMENT. The purpose of this Agreement is to provide Dietrich a supplemental retirement benefit in accordance with the terms of this Agreement.

2. DEFINITIONS. For purposes of this Agreement, the following words shall have the meaning indicated:

(a) ACTUARIAL EQUIVALENT. "Actuarial Equivalent" shall have the same meaning the term "Actuarial Equivalent" has under Section 2.03 of the Qualified Plan using the following actuarial assumptions:

MORTALITY: "Applicable Mortality Rate" as such term is defined in Section 2.03c of the Qualified Plan.

INTEREST RATE: "Applicable Interest Rate" as such term is defined in Section 2.09b of the Qualified Plan.

(b) BENEFICIARY. "Beneficiary" shall mean such living person or living persons designated by Dietrich in accordance with subparagraph 5(a) to receive benefits under this Agreement after his death, or his personal or legal representative, all as herein described and provided. If no Beneficiary is designated by Dietrich or if no Beneficiary survives Dietrich, the Beneficiary shall be Dietrich's estate.

(c) CAUSE. "Cause" shall mean Dietrich's:

(i) willful or gross misconduct with respect to the business and affairs of the Bank, or with respect to any of its affiliates for which Dietrich is assigned material responsibilities or duties;

(ii) conviction of a felony (after the earlier of the expiration of any applicable appeal period without perfection of an appeal by Dietrich or the denial of any appeal as to which no further appeal or review is available to Dietrich) whether or not committed in the course of his employment by the Bank;

(iii) willful neglect, failure, or refusal to carry out his duties under the Employment Agreement between NBT Bancorp Inc. and Dietrich dated as of January 1, 2000 (the "Employment Agreement") in a reasonable manner (other than any such failure resulting from disability or death or from termination by Dietrich for Good Reason, as defined in the Employment Agreement) after a written demand for substantial performance is delivered to Dietrich that specifically identifies the manner in which the Bank believes that Dietrich has not substantially performed his duties and he has not resumed substantial performance of his duties on a continuous basis within thirty days of receiving such demand; or

(iv) breach of any representation or warranty in section 6(a) of the Employment Agreement or of any agreement contained in section 1, 4, 5, or 6(b) of the Employment Agreement, which breach is material and adverse to the Bank or any of its affiliates for which Dietrich is assigned material responsibilities or duties.

(d) CHANGE OF CONTROL. "Change of Control" shall mean a Change in Control as such term is defined in the Change in Control Agreement between Dietrich and the Bank dated January 1, 2000 (a revision of the October 27, 1998 and January 2, 1997 agreements).

(e) CODE. "Code" shall mean the Internal Revenue Code of 1986, as amended.

(f) DETERMINATION DATE. "Determination Date" shall mean the earlier of (i) the date of termination of Dietrich's employment with the Bank or (ii) the first day of the month following Dietrich's 65th birthday.

(g) FINAL AVERAGE COMPENSATION. "Final Average Compensation" shall have the same meaning the term "Final Average Compensation" has under Section 2.27 of the Qualified Plan, except that in determining the amount of Compensation (as defined in Section 2.14 of the Qualified Plan) to be used in calculating Final Average Compensation under Section 2.27 of the Qualified Plan, Compensation shall not be subject to the compensation limitation of section 401(a)(17) of the Code.

(h) FULL-TIME EMPLOYEE. "Full-Time Employee" shall mean an employee who works not less than 1,000 hours in a calendar year.

(i) OTHER RETIREMENT BENEFITS. "Other Retirement Benefits" shall mean the sum of:

(i) The annual benefit payable to Dietrich from the Qualified Plan, plus

(ii) The annual benefit that could be provided by (A) Bank contributions (other than elective deferrals) made on Dietrich's behalf under the NBT Bancorp Inc. 401(k) and

Employee Stock Ownership Plan, and (B) actual earnings on contributions in (A), if such contributions and earnings were converted to a benefit payable on the Determination Date in the same form as the benefit paid under this Agreement, using the same actuarial assumptions as are provided under subparagraph 2(a).

The amount of Other Retirement Benefits shall be determined by an actuary selected by the Bank, with such determination to be made without reduction for payment of benefits prior to any stated "normal retirement date" and without regard to whether Dietrich is receiving payment of such benefits on the Determination Date. To the extent Dietrich receives a payment of Other Retirement Benefits described in subparagraph 2(i)(ii) prior to the date the Supplemental Retirement Benefit is determined pursuant to this Agreement, the total of such Other Retirement Benefits shall be determined by including and assuming that such amounts earned interest at a variable rate equal to the one-year United States Treasury bill rate as reported in the New York edition of The Wall Street Journal on the Determination Date from the date received to the date Other Retirement Benefits are calculated for purposes of this Agreement.

(j) PRESENT VALUE. "Present Value" shall mean the present value of a benefit determined on the basis of the following actuarial assumptions:

MORTALITY: "Applicable Mortality Rate" as such term is defined in Section 2.03c of the Qualified Plan.

INTEREST RATE: "Applicable Interest Rate" as such term is defined in Section 2.09b of the Qualified Plan.

(k) QUALIFIED PLAN. "Qualified Plan" shall mean the NBT BANCORP Inc. Defined Benefit Pension Plan.

(l) SOCIAL SECURITY BENEFIT. "Social Security Benefit" shall mean Dietrich's actual social security benefit at his Social Security Retirement Age.

(m) SOCIAL SECURITY RETIREMENT AGE. "Social Security Retirement Age" shall have the same meaning the term "Social Security Retirement Age" has under Section 2.58 of the Qualified Plan.

(n) YEAR OF SERVICE. "Year of Service" shall mean a calendar year in which Dietrich completes not less than 1,000 hours of service.

3. AMOUNT OF SUPPLEMENTAL RETIREMENT BENEFIT.

(a) AMOUNT PAYABLE ON AND AFTER AGE 62. If Dietrich shall remain employed by the Bank until reaching his 62nd birthday, serving

as a Full-Time Employee until such date, and subject to the other terms and conditions of this Agreement, the Bank shall pay Dietrich an annual "Supplemental Retirement Benefit" determined as follows:

(i) ON AND AFTER AGE 62 BUT BEFORE SOCIAL SECURITY RETIREMENT AGE. Dietrich shall be entitled to a Supplemental Retirement Benefit on and after his 62nd birthday but before his Social Security Retirement Age in an amount equal to the excess of (1) 50 percent of Dietrich's Final Average Compensation, over (2) Dietrich's Other Retirement Benefits, determined as of the Determination Date and calculated in accordance with paragraph 2(i).

(ii) ON AND AFTER SOCIAL SECURITY RETIREMENT AGE. Dietrich shall be entitled to a Supplemental Retirement Benefit on and after his Social Security Retirement Age in an amount equal to the excess of (1) 50 percent of Dietrich's Final Average Compensation, over (2) the sum of (aa) Dietrich's Other Retirement Benefits, determined as of the Determination Date and calculated in accordance with paragraph 2(i), plus (bb) Dietrich's Social Security Benefit.

(b) AMOUNT PAYABLE ON AND AFTER AGE 60 BUT BEFORE AGE 62. If Dietrich shall remain employed by the Bank until reaching his 60th birthday, serving as a Full-Time Employee until such date and he continues to serve as a Full-Time Employee until the date of his retirement, and he retires then or thereafter but before reaching his 62nd birthday, and subject to the other terms and conditions of this Agreement, the Bank shall pay Dietrich on the date of his retirement, pursuant to subparagraph 4(b), or to his spouse or other Beneficiary, pursuant to subparagraph 6(c) if he has died before his 62nd birthday, a reduced early Supplemental Retirement Benefit calculated in accordance with the following schedule:

(i) If the date of Dietrich's retirement shall be on or after his 60th birthday but before his 61st birthday, the Bank shall pay Dietrich 60% of the Supplemental Retirement Benefit calculated in accordance with subparagraph 3(a)(i); and

(ii) If the date of Dietrich's retirement shall be on or after his 61st birthday but before his 62nd birthday, the Bank shall pay Dietrich 70% of the Supplemental Retirement Benefit so calculated.

4. TIME OF PAYMENT.

(a) Except as provided in subparagraph 4(b) (early retirement) and paragraph 6 (payment on death), the Bank shall pay the Supplemental Retirement Benefit commencing on the first day of the month following Dietrich's attainment of age 62.

(b) Notwithstanding subparagraph 4(a), the Bank shall commence payment of an early Supplemental Retirement Benefit, in the amount determined under subparagraph 3(b), on the first day of the month



following Dietrich's Determination Date in connection with early retirement after reaching age 60 and prior to the date of his 62nd birthday.

5. FORM OF PAYMENT.

(a) The Supplemental Retirement Benefit described in paragraph 3 of this Agreement shall be paid as a straight life annuity, payable in monthly installments, for Dietrich's life; provided, however, that if Dietrich has no surviving spouse and dies before having received 60 monthly payments, such monthly payments shall be continued to his Beneficiary until the total number of monthly payments to Dietrich and his Beneficiary equal 60, whereupon all payments shall cease and the Bank's obligation under this Agreement shall be deemed to have been fully discharged. If Dietrich and his Beneficiary shall die before having received a total of 60 monthly payments, an amount equal to the Actuarial Equivalent of the balance of such monthly payments shall be paid in a single sum to the estate of the survivor of Dietrich and his Beneficiary. If Supplemental Retirement Benefits are payable in the form described in this subparagraph 5(a), Dietrich shall designate in writing, as his Beneficiary, any person or persons, primarily, contingently or successively, to whom the Bank shall pay benefits following Dietrich's death if Dietrich's death occurs before 60 monthly payments have been made.

(b) Notwithstanding the form of payment described in subparagraph 5(a), if Dietrich is married on the date payment of the Supplemental Retirement Benefit commences, the benefit shall be paid as a 50% joint and survivor annuity with Dietrich's spouse as the Beneficiary. The 50% joint and survivor annuity shall be the Actuarial Equivalent of the benefit described in subparagraph 5(a). If the Supplemental Retirement Benefit is payable pursuant to this subparagraph 5(b), but Dietrich's spouse fails to survive him, no payments will be made pursuant to this Agreement following Dietrich's death.

(c) Notwithstanding the foregoing provisions of this paragraph 5, the Bank, in its sole discretion, may accelerate the payment of all or any portion of the Supplemental Retirement Benefit or the reduced early Supplemental Retirement Benefit at any time. Any payment accelerated in accordance with this subparagraph 5(c) shall be the Actuarial Equivalent of the payment being accelerated.

6. PAYMENTS UPON DIETRICH'S DEATH.

(a) Except as provided in subparagraphs 6(b) and (c), if Dietrich shall die before his 62nd birthday, no payment shall be due his estate under this Agreement.

(b) If Dietrich's death shall occur on or after his 60th birthday, after he has retired but before payment of any Supplemental Retirement Benefit has commenced, Dietrich's surviving spouse shall be

paid as a straight life annuity 50 percent of the Supplemental Retirement Benefit for her life commencing within 30 days following Dietrich's death. Such payments shall be made in monthly installments, subject to the right of the Bank to accelerate payment at any time in accordance with subparagraph 5(c).

(c) If Dietrich elects early retirement pursuant to subparagraph 3(b) and he dies before payment of any Supplemental Retirement Benefit has commenced, Dietrich's surviving spouse shall be paid, in monthly installments, as a straight life annuity, 50 percent of such Supplemental Retirement Benefit for her life commencing within 30 days following Dietrich's death, subject to the right of the Bank to accelerate such payments as provided in subparagraph 5(c). However, if Dietrich's spouse fails to survive him, the Bank shall pay to Dietrich's estate a lump sum benefit equal to 50 percent of the Present Value of Dietrich's Supplemental Retirement Benefit.

(d) Except as otherwise provided in subparagraph 6(c), no payments shall be made under this Agreement if Dietrich dies before payment of any Supplemental Retirement Benefit begins and his spouse fails to survive him.

(e) If Dietrich's death shall occur after payment of a Supplemental Retirement Benefit has commenced, Dietrich surviving spouse or other Beneficiaries shall receive payments under this Agreement to the extent provided in paragraph 5.

7. FORFEITURE FOR CAUSE. Notwithstanding any other provision of this Agreement, if Dietrich's employment with the Bank is terminated for Cause, Dietrich and his spouse or other Beneficiaries shall forfeit all rights to any payment under this Agreement.

8. POWERS. The Bank shall have such powers as may be necessary to discharge its duties under this Agreement, including the power to interpret and construe this Agreement and to determine all questions regarding employment, disability status, service, earnings, income and such factual matters as birth and marital status. The Bank's determinations hereunder shall be conclusive and binding upon the parties hereto and all other persons having or claiming an interest under this Agreement. The Bank shall have no power to add to, subtract from, or modify any of the terms of this Agreement. The Bank's determinations hereunder shall be entitled to deference upon review by any court, agency or other entity empowered to review its decisions, and shall not be overturned or set aside by any court, agency or other entity unless found to be arbitrary, capricious or contrary to law.

9. CLAIMS PROCEDURE.

(a) Any claim for benefits by Dietrich, his spouse or other Beneficiaries shall be made in writing to the Bank. In this paragraph, Dietrich and his Beneficiaries are referred to as "claimants."

(b) If the Bank denies a claim in whole or in part, it shall send the claimant a written notice of the denial within 90 days after the date it receives a claim, unless it needs additional time to make its decision. In that case, the Bank may authorize an extension of an

additional 90 days if it notifies the claimant of the extension within the initial 90-day period. The extension notice shall state the reasons for the extension and the expected decision date.

(c) A denial notice shall contain:

(i) The specific reason or reasons for the denial of the claim;

(ii) Specific reference to pertinent Agreement provisions upon which the denial is based;

(iii) A description of any additional material or information necessary to perfect the claim, with an explanation of why the material or information is necessary; and

(iv) An explanation of the review procedures provided below.

(d) Within 60 days after the claimant receives a denial notice, he or she may file a request for review with the Bank. Any such request must be made in writing.

(e) A claimant who timely requests review shall have the right to review pertinent documents, to submit additional information or written comments, and to be represented.

(f) The Bank shall send the claimant a written decision on any request for review within 60 days after the date it receives a request for review, unless an extension of time is needed, due to special circumstances. In that case, the Bank may authorize an extension of an additional 60 days, provided it notifies the claimant of the extension within the initial 60-day period.

(g) The review decision shall contain:

(i) The specific reason or reasons for the decision; and

(ii) Specific reference to the pertinent Agreement provisions upon which the decision is based.

(h) If the Bank does not send the claimant a review decision within the applicable time period, the claim shall be deemed denied on review.

(i) The denial notice or, in the case of a timely review, the review decision (including a deemed denial under subparagraph 9(h)) shall be the Bank's final decision.

10. ASSIGNMENT. Neither Dietrich nor his spouse or other Beneficiaries may transfer his, her or their right to payments to which he, she or they are entitled under this Agreement. Except insofar as may otherwise be required by law, any Supplemental Retirement Benefit payable under this Agreement shall not be subject in any manner to alienation by anticipation, sale, transfer, assignment, pledge or encumbrance, nor subject to the debts, contracts, or liabilities of Dietrich or his spouse or other Beneficiaries.

11. CONTINUED EMPLOYMENT. This Agreement shall not be construed as conferring on Dietrich a right to continued employment with the Bank.

12. FUNDING.

(a) The Supplemental Retirement Benefit at all times shall be entirely unfunded, and no provision shall at any time be made with respect to segregating any assets of the Bank for payments of any benefits hereunder, except that in the event of a Change of Control, the Bank, within five (5) days of such Change of Control, shall fund a grantor trust within the meaning of section 671 of the Code with an amount sufficient to cover all potential liabilities under this Agreement.

(b) Neither Dietrich nor his spouse or other Beneficiaries shall have any interest in any particular assets of the Bank by reason of the right to receive a benefit under this Agreement. Dietrich and his spouse or other Beneficiaries shall have only the rights of general unsecured creditors of the Bank with respect to any rights under this Agreement.

(c) Nothing contained in this Agreement shall constitute a guarantee by the Bank or any entity or person that the assets of the Bank will be sufficient to pay any benefit hereunder.

13. WITHHOLDING. Any payment made pursuant to this Agreement shall be reduced by federal and state income, FICA or other employee payroll, withholding or other similar taxes the Bank may be required to withhold. In addition, as the Supplemental Retirement Benefit accrues during Dietrich's employment with the Bank, the Bank may withhold from Dietrich's regular compensation from the Bank any FICA or other employee payroll, withholding or other similar taxes the Bank may be required to withhold.

14. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, and shall inure to the benefit of, the successors and assigns of the Bank.

15. APPLICABLE LAW. This Agreement shall be construed and administered in accordance with the laws of the State of New York, except to the extent preempted by federal law.

16. AMENDMENT. This Agreement may not be amended, modified or otherwise altered except by written instrument executed by both parties.

17. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement and understanding of the parties, and supersedes all prior agreements or understanding (whether oral or written) between the parties, relating to deferred compensation and/or supplemental retirement income.

The parties hereby execute this Agreement as follows:

NBT BANCORP INC.

By: /S/ DARYL R. FORSYTHE /S/ EVERETT A. GILMOUR

Date: 1/1/2000 Its: PRES & CEO CHAIRMAN

NBT BANK, NATIONAL ASSOCIATION

By: /S/ DARYL R. FORSYTHE

Date: 1/1/2000 Its: CHAIRMAN & CEO

Date: 1/1/2000 /S/ MARTIN A. DIETRICH  
MARTIN A. DIETRICH



EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") made and entered into as of the first day of January, 2000, by and between JOE C. MINOR ("Executive") and NBT BANCORP INC., a Delaware corporation having its principal office in Norwich, New York ("NBTB")

W I T N E S S E T H A T :

WHEREAS, Executive is an executive vice president of NBT Bancorp Inc. and NBT Bank, National Association, a national banking association which is a wholly-owned subsidiary of NBTB ("NBT Bank"), and president and chief operating officer of NBT Financial Services, Inc., a Delaware corporation which is a wholly-owned subsidiary of NBT Bank ("NBT FSI");

WHEREAS, NBTB desires to secure the continued employment of Executive, subject to the provisions of this Agreement; and

WHEREAS, Executive is desirous of entering into the Agreement for such periods and upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements hereinafter set forth, intending to be legally bound, the parties agree as follows:

1. EMPLOYMENT; RESPONSIBILITIES AND DUTIES.

(a) NBTB hereby agrees to cause NBT Bank to employ Executive, and Executive hereby agrees to serve as an executive vice president of NBT Bancorp Inc. and NBT Bank, during the Term of Employment. NBTB hereby agrees to cause NBT FSI to employ Executive, and Executive hereby agrees to serve as the president and chief operating officer of NBT FSI, during the Term of Employment. Executive shall have such executive duties, responsibilities, and authority as shall be set forth in the bylaws of NBT Bank and NBT FSI, as the case may be, or as may otherwise be determined by NBTB or by NBT Bank and NBT FSI, as the case may be, including supervisory responsibilities over the trust department of NBT Bank during the period commencing at the time of the retirement of the individual who is the chief trust officer of NBT Bank on the date of this Agreement and continuing until the Termination Date. During the Term of Employment, Executive shall report directly to the chief executive officer of NBTB.

(b) NBTB hereby agrees to cause Executive to be reelected to the board of directors of NBT FSI for successive terms throughout the Term of Employment.

(c) Executive shall devote his full working time and best efforts to the performance of his responsibilities and duties hereunder. During the Term of Employment, Executive shall not, without the prior written consent of the Board of Directors of NBTB or the president and chief executive officer of NBTB, render services as an employee, independent contractor, or otherwise, whether or not compensated, to any person or entity other than NBTB or its

affiliates; provided that Executive may, where involvement in such activities does not individually or in the aggregate significantly interfere with the performance by Executive of his duties or violate the provisions of section 4 hereof, (i) render services to charitable organizations, (ii) manage his personal investments, and (iii) with the prior permission of the Board of Directors of NBTB, hold such other directorships or part-time academic appointments or have such other business affiliations as would otherwise be prohibited under this section 1.

2. TERM OF EMPLOYMENT.

(a) The term of this Agreement ("Term of Employment") shall be the period commencing on the date of this Agreement (the "Commencement Date") and continuing until the Termination Date, which shall mean the earliest to occur of:

(i) the third anniversary of the Commencement Date, provided, however, that (A) on the first anniversary of the Commencement Date, the Term of Employment shall automatically extend itself to the fourth anniversary of the Commencement Date, and (B) on the second anniversary of the Commencement Date, the Term of Employment shall automatically extend itself to December 31, 2004;

(ii) the death of Executive;

(iii) Executive's inability to perform his duties hereunder, as a result of physical or mental disability as reasonably determined by the personal physician of Executive, for a period of at least 180 consecutive days or for at least 180 days during any period of twelve consecutive months during the Term of Employment; or

(iv) the discharge of Executive by NBTB "for cause," which shall mean one or more of the following:

(A) any willful or gross misconduct by Executive with respect to the business and affairs of NBTB, NBT Bank, or NBT FSI, or with respect to any of its affiliates for which Executive is assigned material responsibilities or duties;

(B) the conviction of Executive of a felony (after the earlier of the expiration of any applicable appeal period without perfection of an appeal by Executive or the denial of any appeal as to which no further appeal or review is available to Executive) whether or not committed in the course of his employment by NBTB;

(C) Executive's willful neglect, failure, or refusal to carry out his duties hereunder in a reasonable manner (other than any such failure resulting from disability or death or from termination by Executive for Good Reason, as hereinafter defined) after a written demand for substantial performance is delivered to Executive that specifically identifies the manner in which NBTB believes that Executive has not substantially performed his duties and Executive has not resumed



substantial performance of his duties on a continuous basis within thirty days of receiving such demand; or

(D) the breach by Executive of any representation or warranty in section 6(a) hereof or of any agreement contained in section 1, 4, 5, or 6(b) hereof, which breach is material and adverse to NBTB or any of its affiliates for which Executive is assigned material responsibilities or duties; or

(v) Executive's resignation from his position as an executive vice president of NBT Bancorp Inc. and NBT Bank or as president and chief operating officer of NBT FSI other than for "Good Reason," as hereinafter defined; or

(vi) the termination of Executive's employment by NBTB "without cause," which shall be for any reason other than those set forth in subsections (i), (ii), (iii), (iv), or (v) of this section 2(a), at any time, upon the thirtieth day following notice to Executive; or

(vii) Executive's resignation for "Good Reason."

"Good Reason" shall mean, without Executive's express written consent, reassignment of Executive to a position other than as an executive vice president of NBT Bancorp Inc. and NBT Bank and president and chief operating officer of NBT FSI other than for "Cause," or a decrease in the amount or level of Executive's salary or benefits from the amount or level established in section 3 hereof.

(b) In the event that the Term of Employment shall be terminated for any reason other than that set forth in section 2(a)(vi) or 2(a)(vii) hereof, Executive shall be entitled to receive, upon the occurrence of any such event:

(i) any salary (as hereinafter defined) payable pursuant to section 3(a)(i) hereof which shall have accrued as of the Termination Date; and

(ii) such rights as Executive shall have accrued as of the Termination Date under the terms of any plans or arrangements in which he participates pursuant to section 3(b) hereof, any right to reimbursement for expenses accrued as of the Termination Date payable pursuant to section 3(i) hereof, and the right to receive the cash equivalent of paid annual leave and sick leave accrued as of the Termination Date pursuant to section 3(e) hereof.

(c) In the event that the Term of Employment shall be terminated for the reason set forth in section 2(a)(vi) or 2(a)(vii) hereof, Executive shall be entitled to receive:

(i) any salary payable pursuant to section 3(a)(i) hereof which shall have accrued as of the Termination Date, and, for the period commencing on the date immediately following the Termination Date and ending upon and including the latest of the third anniversary of the Commencement Date, the date to which the Term of Employment shall (as of the Termination Date) have automatically extended itself under section 2(a)(i)(A) or 2(a)(i)(B) hereof, or the first anniversary of the

Termination Date, salary payable at the rate established pursuant to section 3(a)(i) hereof, in a manner consistent with the normal payroll practices of NBTB with respect to executive personnel as presently in effect or as they may be modified by NBTB from time to time; and

(ii) such rights as Executive may have accrued as of the Termination Date under the terms of any plans or arrangements in which he participates pursuant to section 3(b) hereof, any right to reimbursement for expenses accrued as of the Termination Date payable pursuant to section 3(i) hereof, and the right to receive the cash equivalent of paid annual leave and sick leave accrued as of the Termination Date pursuant to section 3(e) hereof.

(d) Any provision of this section 2 to the contrary notwithstanding, in the event that the employment of Executive with NBTB is terminated in any situation described in section 3 of the change-in-control letter agreement dated January 1, 2000 between NBTB and Executive (the "Change-in-Control Agreement") so as to entitle Executive to a severance payment and other benefits described in section 3 of the Change-in-Control Agreement, then Executive shall be entitled to receive the following, and no more, under this section 2:

(i) any salary payable pursuant to section 3(a) (i) hereof which shall have accrued as of the Termination Date;

(ii) such rights as Executive shall have accrued as of the Termination Date under the terms of any plans or arrangements in which he participates pursuant to section 3(b) hereof, any right to reimbursement for expenses accrued as of the Termination Date payable pursuant to section 3(i) hereof, and the right to receive the cash equivalent of paid annual leave and sick leave accrued as of the Termination Date pursuant to section 3(e) hereof; and

(iii) the severance payment and other benefits provided in the Change-in-Control Agreement.

3. COMPENSATION. For the services to be performed by Executive for NBTB and its affiliates under this Agreement, Executive shall be compensated in the following manner:

(a) SALARY. During the Term of Employment:

(i) NBTB shall pay Executive a salary which, on an annual basis, shall not be less than \$230,000 during the Term of Employment, assuming Executive performs competently. Salary shall be payable in accordance with the normal payroll practices of NBTB with respect to executive personnel as presently in effect or as they may be modified by NBTB from time to time.

(ii) Executive shall be entitled to annual salary increases of 8 percent during the Term of Employment, beginning in the second year of the Term of Employment, and shall be eligible to

be considered for further salary increases, upon review, in accordance with the compensation policies of NBTB with respect to executive personnel as presently in effect or as they may be modified by NBTB from time to time.

(iii) Executive shall be eligible to be considered for performance bonuses of up to 75 percent of salary, in accordance with the compensation policies of NBTB with respect to executive personnel as presently in effect or as they may be modified by NBTB from time to time.

(b) EMPLOYEE BENEFIT PLANS OR ARRANGEMENTS. During the Term of Employment, Executive shall be entitled to participate in all employee benefit plans of NBTB, as presently in effect or as they may be modified by NBTB from time to time, under such terms as may be applicable to officers of Executive's rank employed by NBTB or its affiliates, including, without limitation, plans providing retirement benefits, stock options, medical insurance, life insurance, disability insurance, and accidental death or dismemberment insurance, provided that there be no duplication of such benefits as are provided under any other provision of this Agreement.

(c) PERFORMANCE BASED INCREASE TO EXECUTIVE'S RETIREMENT BENEFITS.

(1) MEASURE AND AMOUNT. If, as a direct result of Executive's personal performance, NBTB has a "Sustained Increase" to its net earnings before taxes ("EBT"), determined in accordance with section 3(c)(2) hereof, over the Lookback Period, as defined in section 3(c)(2)(i) hereof, then NBTB shall pay Executive an enhanced benefit under the Supplemental Retirement Agreement between NBTB, NBT Bank, and Executive dated January 1, 2000 ("SRA"), and an additional retirement benefit as follows:

(i) If the Sustained Increase to EBT over the Lookback Period is at least \$1.5 million, but less than \$4 million, then the benefit payable under the SRA that would otherwise be payable upon Executive's attaining age 62 shall instead be payable thereunder upon his attaining age 61. In addition, NBTB shall make a lump-sum cash payment of \$100,000 to a grantor trust (as described in section 671 of the Internal Revenue Code of 1986, as amended) to be established for the sole benefit of Executive ("Executive's Rabbi Trust") for payment upon his retirement from employment with NBTB, in addition to any and all other payments payable thereupon, such payment to be made in accordance with the terms of Executive's Rabbi Trust.

(ii) If the Sustained Increase to EBT over the Lookback Period is at least \$4 million, but less than \$8 million, then the benefit payable under the SRA that would otherwise be payable upon Executive's attaining age 62 shall instead be payable thereunder upon his attaining age 60. In addition, NBTB shall make a lump-sum cash payment of \$300,000 to Executive's Rabbi Trust for payment upon his retirement from employment with NBTB, in addition to any and all other payments payable thereupon, such payment to be made in accordance with the terms of Executive's Rabbi Trust.

(iii) If the Sustained Increase to EBT over the Lookback Period is at least \$8 million, then the benefit payable under the SRA that otherwise would be payable thereunder upon Executive's attaining age 62 shall be calculated using the following percentages in paragraph 3(a)(i)(1) of the SRA instead of "50%" at the following retirement ages: 75% for retirement at age 62; 65% for retirement at age 61; and 55% for retirement at age 60. In addition, NBTB shall make a lump-sum cash payment of \$600,000 to Executive's Rabbi Trust for payment upon his retirement from employment with NBTB, in addition to any and all other payments payable upon such retirement, such payment to be made in accordance with the terms of Executive's Rabbi Trust.

(2) LOOKBACK PERIOD AND DETERMINATION.

(i) The Lookback Period shall be the period of three (3) full fiscal years of NBTB ending on the day prior to the first day of the fiscal year in which falls the Determination Date, as defined in paragraph 2(f) of the SRA.

(ii) Whether an increase to EBT is an increase specified above ("Specified Increase") shall be determined by comparing the contribution to EBT as a direct result of Executive's personal performance over the departments and/or companies for which Executive is directly responsible (the "Attributed Amount") for the fiscal year immediately preceding the first year of the Lookback Period to that of the first fiscal year of the Lookback Period. An increase to EBT will be considered sustained if the Attributed Amount for each of the second and third fiscal years of the Lookback Period is no less than the Attributed Amount for the year immediately preceding the first year of the Lookback Period plus a Specified Increase. If the Specified Increase is achieved and sustained in the manner provided in this section 3(c)(2), then such increase to EBT shall be deemed to be a "Sustained Increase" under section 3(c)(1).

(iii) Whether Executive has achieved a Sustained Increase to EBT shall be determined by a committee of the board of directors of NBT FSI made up of (a) Daryl R. Forsythe, if he be a director of NBT FSI, and (b) those directors of NBT FSI who are not employees of NBTB or any of its affiliates ("Committee"). Within a reasonable period after the Determination Date, the Committee shall determine separately whether there has been a Sustained Increase to NBTB's EBT and, if the Committee determines there has been a Sustained Increase, whether such Sustained Increase was solely attributable to Executive's personal performance based on the data and factors described below.

(iv) If the Determination Date falls on a date prior to the day following the last day of the third full fiscal year the first of which began coincident with, or immediately following, the effective date of this Agreement, then the Executive may make a reasonable and good faith projection of NBTB's EBT for the balance of what would be the Lookback Period were the Determination Date to fall on the earliest date that would provide a full Lookback Period. If, under Executive's projections, (A) there would be a Sustained Increase to EBT for the partial Lookback Period, (B) such Sustained Increase would continue for what would be the balance of the

Lookback Period, and (C) such Sustained Increase was and would continue to be solely attributable to Executive's personal performance, then Executive may submit his projections, with all underlying data, assumptions, methodology and factors, to the Committee. The Committee shall review Executive's submission and determine whether a Sustained Increase to EBT (AA) was achieved for the partial Lookback Period, (BB) is likely to continue for what would be the balance of the Lookback Period, and (CC) was and would continue to be a result of Executive's personal performance. The Committee shall make its determination based on the data and factors described below.

(v) In making comparisons and calculations under this section 3(c)(2), the Committee shall (A) deem each non-recurring gain or loss enjoyed or suffered by NBT Capital Corp. at any time during the Lookback Period to have been enjoyed or suffered in equal annual amounts during the years of the Lookback Period, the sum of which equal annual amounts shall equal the amount of the particular non-recurring gain or loss, rather than allot it entirely to the year in which it was actually enjoyed or suffered, and (B) deem each non-recurring gain or loss enjoyed or suffered by NBT Capital Corp. during the fiscal year immediately preceding the first year of the Lookback Period to have been enjoyed or suffered in equal annual amounts during such year and the years of the Lookback Period, the sum of which equal annual amounts shall equal the amount of the particular non-recurring gain or loss, rather than allot it entirely to the fiscal year immediately preceding the first year of the Lookback Period. In addition, for determinations based on Executive's projections, the Committee shall consider whether the data, assumptions and methodology used by Executive in preparing his projections were each and, in the aggregate, accurate and reasonable and are consistent with NBTB's historical performance. In making any determination hereunder, the Committee may retain and consult with such financial, accounting and legal advisors as it deems appropriate and may solicit and accept further data and analysis from the Executive, NBTB and/or third party advisor(s), as the Committee believes necessary and/or desirable in its sole discretion.

(vi) The Committee's determination as to whether a Sustained Increase has been achieved as a result of Executive's personal performance and the amount thereof shall be absolute, final and binding on the Executive, NBTB and all other parties.

(d) STOCK OPTIONS. Each January or February annually during the Term of Employment, NBTB will cause Executive to be granted a non-statutory ("non-qualified") stock option (each an "Option") to purchase the number of shares of the common stock of NBTB, no par value, \$1.00 stated value, or the common stock of NBTB as reclassified to have a par value of \$.01 per share, as the case may be (the "NBTB Common Stock"), pursuant to the NBT Bancorp Inc. 1993 Stock Option Plan, as amended, or any appropriate successor plan (the "Stock Option Plan"), computed by dividing 250 percent of the annualized salary of Executive on the date of grant of the Option by the "Fair Market Value" of NBTB Common Stock (as defined in the Stock Option Plan). The option exercise price per share of the shares subject to each Option shall be such Fair Market Value, and the terms, conditions of exercise, and vesting schedule of such Option shall be as set forth in section 8 of the Stock Option Plan.

(e) VACATION AND SICK LEAVE. During the Term of Employment, Executive shall be entitled to paid annual vacation periods and sick leave in accordance with the policies of NBTB as in effect as of the Commencement Date or as may be modified by NBTB from time to time as may be applicable to officers of Executive's rank employed by NBTB or its affiliates, but in no event less than four weeks of paid vacation per year.

(f) AUTOMOBILE. During the Term of Employment, Executive shall be entitled to the use of an automobile owned by NBTB or an affiliate of NBTB, the make, model, and year of which automobile shall be appropriate to an officer of Executive's rank employed by NBTB or its affiliates and consistent with that provided to others of Executive's rank employed by NBTB or its affiliates. During the second year of the Term of Employment, the automobile used by Executive will be replaced with a new automobile, whose value shall not exceed \$45,000 escalated by an amount calculated by the controller's division of NBT Bank to adjust for the effect of inflation upon \$45,000 between the Commencement Date and the date of the replacement of the vehicle (an "Inflation Adjustment"). During the remaining term of the Term of Employment, should three years elapse from the date of the automobile replacement described in the previous sentence (or any subsequent automobile replacement that takes place under this section), or, if earlier, should the replaced automobile (or any automobile provided under such subsequent automobile replacement) have accumulated 50,000 miles, then it will be replaced with a new automobile whose value shall not exceed the sum of \$45,000 and an Inflation Adjustment. Executive shall be responsible for all expenses of ownership and use of any such automobile, subject to reimbursement of expenses for business use in accordance with section 3(i).

(g) COUNTRY CLUB DUES. During the Term of Employment, Executive shall be reimbursed for dues and assessments incurred in relation to Executive's membership at Yahundasis Country Club. Such reimbursement during the first year of the Term of Employment shall include reimbursement of Executive's initiation fees with respect to Executive's membership at Yahundasis Country Club.

(h) WITHHOLDING. All compensation to be paid to Executive hereunder shall be subject to required withholding and other taxes.

(i) EXPENSES. During the Term of Employment, Executive shall be reimbursed for reasonable travel and other expenses incurred or paid by Executive in connection with the performance of his services under this Agreement, upon presentation of expense statements or vouchers or such other supporting information as may from time to time be requested, in accordance with such policies of NBTB as are in effect as of the Commencement Date and as may be modified by NBTB from time to time, under such terms as may be applicable to officers of Executive's rank employed by NBTB or its affiliates.

4. CONFIDENTIAL BUSINESS INFORMATION; NON-COMPETITION.

(a) Executive acknowledges that certain business methods, creative techniques, and technical data of NBTB and its affiliates and the like are deemed by NBTB to be and are in fact confidential business information of NBTB or its affiliates or are entrusted to third parties. Such confidential information includes but is not limited to procedures, methods, sales relationships developed while in the service of NBTB or its affiliates, knowledge of customers and their requirements, marketing plans, marketing information, studies, forecasts, and surveys, competitive analyses, mailing and marketing lists, new business proposals, lists of vendors, consultants, and other persons who render service or provide material to NBTB or NBT Bank or their affiliates, and compositions, ideas, plans, and methods belonging to or related to the affairs of NBTB or NBT Bank or their affiliates. In this regard, NBTB asserts proprietary rights in all of its business information and that of its affiliates except for such information as is clearly in the public domain. Notwithstanding the foregoing, information that would be generally known or available to persons skilled in Executive's fields shall be considered to be "clearly in the public domain" for the purposes of the preceding sentence. Executive agrees that he will not disclose or divulge to any third party, except as may be required by his duties hereunder, by law, regulation, or order of a court or government authority, or as directed by NBTB, nor shall he use to the detriment of NBTB or its affiliates or use in any business or on behalf of any business competitive with or substantially similar to any business of NBTB or NBT Bank or their affiliates, any confidential business information obtained during the course of his employment by NBTB. The foregoing shall not be construed as restricting Executive from disclosing such information to the employees of NBTB or NBT Bank or their affiliates.

(b) Executive hereby agrees that from the Commencement Date until the first anniversary of the Termination Date, Executive will not (i) interfere with the relationship of NBTB or NBT Bank or their affiliates with any of their employees, suppliers, agents, or representatives (including, without limitation, causing or helping another business to hire any employee of NBTB or NBT Bank or their affiliates), or (ii) directly or indirectly divert or attempt to divert from NBTB, NBT Bank or their affiliates any business in which any of them has been actively engaged during the Term of Employment, nor interfere with the relationship of NBTB, NBT Bank or their affiliates with any of their customers or prospective customers. This paragraph 4(b) shall not, in and of itself, prohibit Executive from engaging in the banking, trust, or financial services business in any capacity, including that of an owner or employee.

(c) Executive acknowledges and agrees that irreparable injury will result to NBTB in the event of a breach of any of the provisions of this section 4 (the "Designated Provisions") and that NBTB will have no adequate remedy at law with respect thereto. Accordingly, in the event of a material breach of any Designated Provision, and in addition to any other legal or equitable remedy NBTB may have, NBTB shall be entitled to the entry of a preliminary and permanent injunction (including, without limitation, specific performance) by a court of competent jurisdiction in Chenango County, New York, or elsewhere, to restrain the violation or breach thereof by Executive, and Executive submits to the jurisdiction of such court in any such action.

(d) It is the desire and intent of the parties that the provisions of this section 4 shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this section 4 shall be adjudicated to be invalid or unenforceable, such provision shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. In addition, should any court determine that the provisions of this section 4 shall be unenforceable with respect to scope, duration, or geographic area, such court shall be empowered to substitute, to the extent enforceable, provisions similar hereto or other provisions so as to provide to NBTB, to the fullest extent permitted by applicable law, the benefits intended by this section 4.

5. LIFE INSURANCE. In light of the unusual abilities and experience of Executive, NBTB in its discretion may apply for and procure as owner and for its own benefit insurance on the life of Executive, in such amount and in such form as NBTB may choose. NBTB shall make all payments for such insurance and shall receive all benefits from it. Executive shall have no interest whatsoever in any such policy or policies but, at the request of NBTB, shall submit to medical examinations and supply such information and execute such documents as may reasonably be required by the insurance company or companies to which NBTB has applied for insurance.

6. REPRESENTATIONS AND WARRANTIES.

(a) Executive represents and warrants to NBTB that his execution, delivery, and performance of this Agreement will not result in or constitute a breach of or conflict with any term, covenant, condition, or provision of any commitment, contract, or other agreement or instrument, including, without limitation, any other employment agreement, to which Executive is or has been a party.

(b) Executive shall indemnify, defend, and hold harmless NBTB for, from, and against any and all losses, claims, suits, damages, expenses, or liabilities, including court costs and counsel fees, which NBTB has incurred or to which NBTB may become subject, insofar as such losses, claims, suits, damages, expenses, liabilities, costs, or fees arise out of or are based upon any failure of any representation or warranty of Executive in section 6(a) hereof to be true and correct when made.

7. NOTICES. All notices, consents, waivers, or other communications which are required or permitted hereunder shall be in writing and deemed to have been duly given if delivered personally or by messenger, transmitted by telex or telegram, by express courier, or sent by registered or certified mail, return receipt requested, postage prepaid. All communications shall be addressed to the appropriate address of each party as follows:



If to NBTB:

NBT Bancorp Inc.  
52 South Broad Street  
Norwich, New York 13815

Attention: Mr. Daryl R. Forsythe  
President and Chief Executive Officer

With a required copy to:

Brian D. Alprin, Esq.  
Duane, Morris & Heckscher LLP  
1667 K Street, N.W., Suite 700  
Washington, D.C. 20006

If to Executive:

Mr. Joe C. Minor  
One Wales Drive  
Norwich, New York 13815

All such notices shall be deemed to have been given on the date delivered, transmitted, or mailed in the manner provided above.

8. ASSIGNMENT. Neither party may assign this Agreement or any rights or obligations hereunder without the consent of the other party.

9. GOVERNING LAW. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of New York, without giving effect to the principles of conflict of law thereof. The parties hereby designate Chenango County, New York to be the proper jurisdiction and venue for any suit or action arising out of this Agreement. Each of the parties consents to personal jurisdiction in such venue for such a proceeding and agrees that it may be served with process in any action with respect to this Agreement or the transactions contemplated thereby by certified or registered mail, return receipt requested, or to its registered agent for service of process in the State of New York. Each of the parties irrevocably and unconditionally waives and agrees, to the fullest extent permitted by law, not to plead any objection that it may now or hereafter have to the laying of venue or the convenience of the forum of any action or claim with respect to this Agreement or the transactions contemplated thereby brought in the courts aforesaid.

10. ENTIRE AGREEMENT. This Agreement constitutes the entire understanding among NBTB and Executive relating to the subject matter hereof. Any previous agreements or understandings between the parties hereto or between Executive and NBT Bank or any of its affiliates regarding the subject matter

hereof, including without limitation the terms and conditions of employment, compensation, benefits, retirement, competition following employment, and the like, are merged into and superseded by this Agreement. Neither this Agreement nor any provisions hereof can be modified, changed, discharged, or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge, or termination is sought.

11. ILLEGALITY; SEVERABILITY.

(a) Anything in this Agreement to the contrary notwithstanding, this Agreement is not intended and shall not be construed to require any payment to Executive which would violate any federal or state statute or regulation, including without limitation the "golden parachute payment regulations" of the Federal Deposit Insurance Corporation codified to Part 359 of title 12, Code of Federal Regulations.

(b) If any provision or provisions of this Agreement shall be held to be invalid, illegal, or unenforceable for any reason whatsoever:

(i) the validity, legality, and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal, or unenforceable) shall not in any way be affected or impaired thereby; and

(ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provisions held to be invalid, illegal, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal, or unenforceable.

12. ARBITRATION. Subject to the right of each party to seek specific performance (which right shall not be subject to arbitration), if a dispute arises out of or related to this Agreement, or the breach thereof, such dispute shall be referred to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). A dispute subject to the provisions of this section will exist if either party notifies the other party in writing that a dispute subject to arbitration exists and states, with reasonable specificity, the issue subject to arbitration (the "Arbitration Notice"). The parties agree that, after the issuance of the Arbitration Notice, the parties will try in good faith to resolve the dispute by mediation in accordance with the Commercial Rules of Arbitration of AAA between the date of the issuance of the Arbitration Notice and the date the dispute is set for arbitration. If the dispute is not settled by the date set for arbitration, then any controversy or claim arising out of this Agreement or the breach hereof shall be resolved by binding arbitration and judgment upon any award rendered by arbitrator(s) may be entered in a court having jurisdiction. Any person serving as a mediator or arbitrator must have at least ten years' experience in resolving commercial disputes through arbitration. In the event any claim or dispute involves an amount in excess of \$100,000, either party may request that the matter be heard by a panel of three arbitrators; otherwise all matters

subject to arbitration shall be heard and resolved by a single arbitrator. The arbitrator shall have the same power to compel the attendance of witnesses and to order the production of documents or other materials and to enforce discovery as could be exercised by a United States District Court judge sitting in the Northern District of New York. In the event of any arbitration, each party shall have a reasonable right to conduct discovery to the same extent permitted by the Federal Rules of Civil Procedure, provided that such discovery shall be concluded within ninety days after the date the matter is set for arbitration. In the event of any arbitration, the arbitrator or arbitrators shall have the power to award reasonable attorney's fees to the prevailing party. Any provision in this Agreement to the contrary notwithstanding, this section shall be governed by the Federal Arbitration Act and the parties have entered into this Agreement pursuant to such Act.

13. COSTS OF LITIGATION. In the event litigation is commenced to enforce any of the provisions hereof, or to obtain declaratory relief in connection with any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorney's fees. In the event this Agreement is asserted in any litigation as a defense to any liability, claim, demand, action, cause of action, or right asserted in such litigation, the party prevailing on the issue of that defense shall be entitled to recovery of reasonable attorney's fees.

14. AFFILIATION. A company will be deemed to be "affiliated" with NBTB or NBT Bank according to the definition of "Affiliate" set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

15. HEADINGS. The section and subsection headings herein have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF, the parties hereto executed or caused this Agreement to be executed as of the day and year first above written.

NBT BANCORP INC.

By: /S/ DARYL R. FORSYTHE  
Daryl R. Forsythe  
President and Chief Executive Officer

JOE C. MINOR

/S/ Joe C. Minor

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EXHIBIT 10.7

Supplemental Retirement Agreement between NBT Bancorp Inc., NBT  
Bank, National Association and Joe C. Minor made as of  
January 1, 2000

SUPPLEMENTAL RETIREMENT AGREEMENT

This sets forth the terms of an agreement for the payment of supplemental retirement income ("Agreement") made as of January 1, 2000 between (i) NBT BANCORP INC., a Delaware corporation and a registered bank holding company, and NBT BANK, NATIONAL ASSOCIATION, a national banking association chartered under the laws of the United States, both having offices located at Norwich, New York (collectively, the "Bank"), and (ii) JOE C. MINOR, an individual residing at One Wales Drive, Norwich, New York 13815, and who is a member of a select group of management or highly compensated employees within the meaning of section 201(2) of the Employee Retirement Income Security Act of 1974, as amended ("Minor").

1. PURPOSE OF THE AGREEMENT. The purpose of this Agreement is to provide Minor a supplemental retirement benefit in accordance with the terms of this Agreement.

2. DEFINITIONS. For purposes of this Agreement, the following words shall have the meaning indicated:

(a) ACTUARIAL EQUIVALENT. "Actuarial Equivalent" shall have the same meaning the term "Actuarial Equivalent" has under Section 2.03 of the Qualified Plan using the following actuarial assumptions:

MORTALITY: "Applicable Mortality Rate" as such term is defined in Section 2.03c of the Qualified Plan.

INTEREST RATE: "Applicable Interest Rate" as such term is defined in Section 2.09b of the Qualified Plan.

(b) BENEFICIARY. "Beneficiary" shall mean such living person or living persons designated by Minor in accordance with subparagraph 5(a) to receive benefits under this Agreement after his death, or his personal or legal representative, all as herein described and provided. If no Beneficiary is designated by Minor or if no Beneficiary survives Minor, the Beneficiary shall be Minor's estate.

(c) CAUSE. "Cause" shall mean Minor's:

(i) willful or gross misconduct with respect to the business and affairs of the Bank, or with respect to any of its affiliates for which Minor is assigned material responsibilities or duties;

(ii) conviction of a felony (after the earlier of the expiration of any applicable appeal period without perfection of an appeal by Minor or the denial of any appeal as to which no further appeal or review is available to Minor) whether or not committed in the course of his employment by the Bank;

(iii) willful neglect, failure, or refusal to carry out his duties under the Employment Agreement between NBT Bancorp Inc. and Minor dated as of January 1, 2000 (the "Employment Agreement") in a reasonable manner (other than any such failure resulting from disability or death or from termination by Minor for Good Reason, as defined in the Employment Agreement) after a written demand for substantial performance is delivered to Minor that specifically identifies the manner in which the Bank believes that Minor has not substantially performed his duties and he has not resumed substantial performance of his duties on a continuous basis within thirty days of receiving such demand; or

(iv) breach of any representation or warranty in section 6(a) of the Employment Agreement or of any agreement contained in section 1, 4, 5, or 6(b) of the Employment Agreement, which breach is material and adverse to the Bank or any of its affiliates for which Minor is assigned material responsibilities or duties.

(d) CHANGE OF CONTROL. "Change of Control" shall mean a Change in Control as such term is defined in the Change in Control Agreement between Minor and the Bank dated January 1, 2000 (a revision of the October 27, 1998 and January 2, 1997 agreements).

(e) CODE. "Code" shall mean the Internal Revenue Code of 1986, as amended.

(f) DETERMINATION DATE. "Determination Date" shall mean the earlier of (i) the date of termination of Minor's employment with the Bank or (ii) the first day of the month following Minor's 65th birthday.

(g) FINAL AVERAGE COMPENSATION. "Final Average Compensation" shall have the same meaning the term "Final Average Compensation" has under Section 2.27 of the Qualified Plan, except that in determining the amount of Compensation (as defined in Section 2.14 of the Qualified Plan) to be used in calculating Final Average Compensation under Section 2.27 of the Qualified Plan, Compensation shall not be subject to the compensation limitation of section 401(a)(17) of the Code.

(h) FULL-TIME EMPLOYEE. "Full-Time Employee" shall mean an employee who works not less than 1,000 hours in a calendar year.

(i) OTHER RETIREMENT BENEFITS. "Other Retirement Benefits" shall mean the sum of:

(i) The annual benefit payable to Minor from the Qualified Plan, plus

(ii) The annual benefit that could be provided by (A) Bank contributions (other than elective deferrals) made on Minor's behalf under the NBT Bancorp Inc. 401(k) and Employee Stock Ownership Plan, and (B) actual earnings on contributions

in (A), if such contributions and earnings were converted to a benefit payable on the Determination Date in the same form as the benefit paid under this Agreement, using the same actuarial assumptions as are provided under subparagraph 2(a).

The amount of Other Retirement Benefits shall be determined by an actuary selected by the Bank, with such determination to be made without reduction for payment of benefits prior to any stated "normal retirement date" and without regard to whether Minor is receiving payment of such benefits on the Determination Date. To the extent Minor receives a payment of Other Retirement Benefits described in subparagraph 2(i)(ii) prior to the date the Supplemental Retirement Benefit is determined pursuant to this Agreement, the total of such Other Retirement Benefits shall be determined by including and assuming that such amounts earned interest at a variable rate equal to the one-year United States Treasury bill rate as reported in the New York edition of The Wall Street Journal on the Determination Date from the date received to the date Other Retirement Benefits are calculated for purposes of this Agreement.

(j) PRESENT VALUE. "Present Value" shall mean the present value of a benefit determined on the basis of the following actuarial assumptions:

MORTALITY: "Applicable Mortality Rate" as such term is defined in Section 2.03c of the Qualified Plan.

INTEREST RATE: "Applicable Interest Rate" as such term is defined in Section 2.09b of the Qualified Plan.

(k) QUALIFIED PLAN. "Qualified Plan" shall mean the NBT BANCORP Inc. Defined Benefit Pension Plan.

(l) SOCIAL SECURITY BENEFIT. "Social Security Benefit" shall mean Minor's actual social security benefit at his Social Security Retirement Age.

(m) SOCIAL SECURITY RETIREMENT AGE. "Social Security Retirement Age" shall have the same meaning the term "Social Security Retirement Age" has under Section 2.58 of the Qualified Plan.

(n) YEAR OF SERVICE. "Year of Service" shall mean a calendar year in which Minor completes not less than 1,000 hours of service.

### 3. AMOUNT OF SUPPLEMENTAL RETIREMENT BENEFIT.

(a) AMOUNT PAYABLE ON AND AFTER AGE 62. If Minor shall remain employed by the Bank until reaching his 62nd birthday, serving as a



Full-Time Employee until such date, and subject to the other terms and conditions of this Agreement, the Bank shall pay Minor an annual "Supplemental Retirement Benefit" determined as follows:

(i) ON AND AFTER AGE 62 BUT BEFORE SOCIAL SECURITY RETIREMENT AGE. Minor shall be entitled to a Supplemental Retirement Benefit on and after his 62nd birthday but before his Social Security Retirement Age in an amount equal to the excess of (1) 50 percent of Minor's Final Average Compensation, over (2) Minor's Other Retirement Benefits, determined as of the Determination Date and calculated in accordance with paragraph 2(i).

(ii) ON AND AFTER SOCIAL SECURITY RETIREMENT AGE. Minor shall be entitled to a Supplemental Retirement Benefit on and after his Social Security Retirement Age in an amount equal to the excess of (1) 50 percent of Minor's Final Average Compensation, over (2) the sum of (aa) Minor's Other Retirement Benefits, determined as of the Determination Date and calculated in accordance with paragraph 2(i), plus (bb) Minor's Social Security Benefit.

(b) AMOUNT PAYABLE ON AND AFTER AGE 60 BUT BEFORE AGE 62. If Minor shall remain employed by the Bank until reaching his 60th birthday, serving as a Full-Time Employee until such date and he continues to serve as a Full-Time Employee until the date of his retirement, and he retires then or thereafter but before reaching his 62nd birthday, and subject to the other terms and conditions of this Agreement, the Bank shall pay Minor on the date of his retirement, pursuant to subparagraph 4(b), or to his spouse or other Beneficiary, pursuant and subject to subparagraph 6(c) if he has died before his 62nd birthday, a reduced early Supplemental Retirement Benefit calculated in accordance with the following schedule:

(i) If the date of Minor's retirement shall be on or after his 60th birthday but before his 61st birthday, the Bank shall pay Minor 60% of the Supplemental Retirement Benefit calculated in accordance with subparagraph 3(a)(i); and

(ii) If the date of Minor's retirement shall be on or after his 61st birthday but before his 62nd birthday, the Bank shall pay Minor 70% of the Supplemental Retirement Benefit so calculated.

(c) ENHANCED BENEFIT. Notwithstanding any provision of this paragraph to the contrary, Minor's benefit hereunder shall be calculated in accordance with section 3(c) of the Employment Agreement between the Bank and Minor if, in accordance with the terms of such section, Minor is entitled to the enhancement provided therein.

4. TIME OF PAYMENT.

(a) Except as provided in subparagraph 4(b) (early retirement) and paragraph 6 (payment on death), the Bank shall pay the Supplemental Retirement Benefit commencing on the first day of the month following Minor's attainment of age 62.

(b) Notwithstanding subparagraph 4(a), the Bank shall commence payment of an early Supplemental Retirement Benefit, in the amount determined under subparagraph 3(b), on the first day of the month following Minor's Determination Date in connection with early retirement after reaching age 60 and prior to the date of his 62nd birthday.

5. FORM OF PAYMENT.

(a) The Supplemental Retirement Benefit described in paragraph 3 of this Agreement shall be paid as a straight life annuity, payable in monthly installments, for Minor's life; provided, however, that if Minor has no surviving spouse and dies before having received 60 monthly payments, such monthly payments shall be continued to his Beneficiary until the total number of monthly payments to Minor and his Beneficiary equal 60, whereupon all payments shall cease and the Bank's obligation under this Agreement shall be deemed to have been fully discharged. If Minor and his Beneficiary shall die before having received a total of 60 monthly payments, an amount equal to the Actuarial Equivalent of the balance of such monthly payments shall be paid in a single sum to the estate of the survivor of Minor and his Beneficiary. If Supplemental Retirement Benefits are payable in the form described in this subparagraph 5(a), Minor shall designate in writing, as his Beneficiary, any person or persons, primarily, contingently or successively, to whom the Bank shall pay benefits following Minor's death if Minor's death occurs before 60 monthly payments have been made.

(b) Notwithstanding the form of payment described in subparagraph 5(a), if Minor is married on the date payment of the Supplemental Retirement Benefit commences, the benefit shall be paid as a 50% joint and survivor annuity with Minor's spouse as the Beneficiary. The 50% joint and survivor annuity shall be the Actuarial Equivalent of the benefit described in subparagraph 5(a). If the Supplemental Retirement Benefit is payable pursuant to this subparagraph 5(b), but Minor's spouse fails to survive him, no payments will be made pursuant to this Agreement following Minor's death.

(c) Notwithstanding the foregoing provisions of this paragraph 5, the Bank, in its sole discretion, may accelerate the payment of all or any portion of the Supplemental Retirement Benefit or the reduced early Supplemental Retirement Benefit at any time. Any payment accelerated in accordance with this subparagraph 5(c) shall be the Actuarial Equivalent of the payment being accelerated.

6. PAYMENTS UPON MINOR'S DEATH.

(a) Except as provided in subparagraphs 6(b) and (c), if Minor shall die before his 62nd birthday, no payment shall be due his estate under this Agreement.

(b) If Minor's death shall occur on or after his 60th birthday, after he has retired but before payment of any Supplemental Retirement Benefit has commenced, Minor's surviving spouse shall be paid as a straight life annuity 50 percent of the Supplemental Retirement Benefit for her life commencing within 30 days following Minor's death. Such payments shall be made in monthly installments, subject to the right of the Bank to accelerate payment at any time in accordance with subparagraph 5(c).

(c) If Minor elects early retirement pursuant to subparagraph 3(b) and he dies before payment of any Supplemental Retirement Benefit has commenced, Minor's surviving spouse shall be paid, in monthly installments, as a straight life annuity, 50 percent of such Supplemental Retirement Benefit for her life commencing within 30 days following Minor's death, subject to the right of the Bank to accelerate such payments as provided in subparagraph 5(c). However, if Minor's spouse fails to survive him, the Bank shall pay to Minor's estate a lump sum benefit equal to 50 percent of the Present Value of Minor's Supplemental Retirement Benefit.

(d) Except as otherwise provided in subparagraph 6(c), no payments shall be made under this Agreement if Minor dies before payment of any Supplemental Retirement Benefit begins and his spouse fails to survive him.

(e) If Minor's death shall occur after payment of a Supplemental Retirement Benefit has commenced, Minor surviving spouse or other Beneficiaries shall receive payments under this Agreement to the extent provided in paragraph 5.

7. FORFEITURE FOR CAUSE. Notwithstanding any other provision of this Agreement, if Minor's employment with the Bank is terminated for Cause, Minor and his spouse or other Beneficiaries shall forfeit all rights to any payment under this Agreement.

8. POWERS. The Bank shall have such powers as may be necessary to discharge its duties under this Agreement, including the power to interpret and construe this Agreement and to determine all questions regarding employment, disability status, service, earnings, income and such factual matters as birth and marital status. The Bank's determinations hereunder shall be conclusive and binding upon the parties hereto and all other persons having or claiming an interest under this Agreement. The Bank shall have no power to add to, subtract from, or modify any of the terms of this Agreement. The Bank's determinations hereunder shall be entitled to deference upon review by any court, agency or other entity empowered to review its decisions, and shall not be overturned or set aside by any court, agency or other entity unless found to be arbitrary, capricious or contrary to law.

9. CLAIMS PROCEDURE.

(a) Any claim for benefits by Minor, his spouse or other Beneficiaries shall be made in writing to the Bank. In this paragraph, Minor and his Beneficiaries are referred to as "claimants."

(b) If the Bank denies a claim in whole or in part, it shall send the claimant a written notice of the denial within 90 days after the date it receives a claim, unless it needs additional time to make its decision. In that case, the Bank may authorize an extension of an additional 90 days if it notifies the claimant of the extension within the initial 90-day period. The extension notice shall state the reasons for the extension and the expected decision date.

(c) A denial notice shall contain:

(i) The specific reason or reasons for the denial of the claim;

(ii) Specific reference to pertinent Agreement provisions upon which the denial is based;

(iii) A description of any additional material or information necessary to perfect the claim, with an explanation of why the material or information is necessary; and

(iv) An explanation of the review procedures provided below.

(d) Within 60 days after the claimant receives a denial notice, he or she may file a request for review with the Bank. Any such request must be made in writing.

(e) A claimant who timely requests review shall have the right to review pertinent documents, to submit additional information or written comments, and to be represented.

(f) The Bank shall send the claimant a written decision on any request for review within 60 days after the date it receives a request for review, unless an extension of time is needed, due to special circumstances. In that case, the Bank may authorize an extension of an additional 60 days, provided it notifies the claimant of the extension within the initial 60-day period.

(g) The review decision shall contain:

(i) The specific reason or reasons for the decision; and

(ii) Specific reference to the pertinent Agreement provisions upon which the decision is based.

(h) If the Bank does not send the claimant a review decision within the applicable time period, the claim shall be deemed denied on review.

(i) The denial notice or, in the case of a timely review, the review decision (including a deemed denial under subparagraph 9(h)) shall be the Bank's final decision.

10. ASSIGNMENT. Neither Minor nor his spouse or other Beneficiaries may transfer his, her or their right to payments to which he, she or they are entitled under this Agreement. Except insofar as may otherwise be required by law, any Supplemental Retirement Benefit payable under this Agreement shall not be subject in any manner to alienation by anticipation, sale, transfer, assignment, pledge or encumbrance, nor subject to the debts, contracts, or liabilities of Minor or his spouse or other Beneficiaries.

11. CONTINUED EMPLOYMENT. This Agreement shall not be construed as conferring on Minor a right to continued employment with the Bank.

12. FUNDING.

(a) The Supplemental Retirement Benefit at all times shall be entirely unfunded, and no provision shall at any time be made with respect to segregating any assets of the Bank for payments of any benefits hereunder, except that in the event of a Change of Control, the Bank, within five (5) days of such Change of Control, shall fund a grantor trust within the meaning of section 671 of the Code with an amount sufficient to cover all potential liabilities under this Agreement.

(b) Neither Minor nor his spouse or other Beneficiaries shall have any interest in any particular assets of the Bank by reason of the right to receive a benefit under this Agreement. Minor and his spouse or other Beneficiaries shall have only the rights of general unsecured creditors of the Bank with respect to any rights under this Agreement.

(c) Nothing contained in this Agreement shall constitute a guarantee by the Bank or any entity or person that the assets of the Bank will be sufficient to pay any benefit hereunder.

13. WITHHOLDING. Any payment made pursuant to this Agreement shall be reduced by federal and state income, FICA or other employee payroll, withholding or other similar taxes the Bank may be required to withhold. In addition, as the Supplemental Retirement Benefit accrues during Minor's employment with the Bank, the Bank may withhold from Minor's regular compensation from the Bank any FICA or other employee payroll, withholding or other similar taxes the Bank may be required to withhold.

14. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, and shall inure to the benefit of, the successors and assigns of the Bank.

15. APPLICABLE LAW. This Agreement shall be construed and administered in accordance with the laws of the State of New York, except to the extent preempted by federal law.

16. AMENDMENT. This Agreement may not be amended, modified or otherwise altered except by written instrument executed by both parties.

17. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement and understanding of the parties, and supersedes all prior agreements or understanding (whether oral or written) between the parties, relating to deferred compensation and/or supplemental retirement income.

The parties hereby execute this Agreement as follows:

NBT BANCORP INC.

By: /S/ EVERETT A. GILMOUR

Date: 1/1/2000

Its: CHAIRMAN

NBT BANK, NATIONAL ASSOCIATION

By: /S/ DARYL R. FORSYTHE

Date: 1/1/2000

Its: CHAIRMAN & CEO

Date: 1/1/2000

/S/ JOE C. MINOR

JOE C. MINOR



EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") made and entered into this seventeenth day of February, 2000, by and between JOHN G. MARTINES ("Executive") and NBT BANCORP INC., a Delaware corporation having its principal office in Norwich, New York ("NBTB")

W I T N E S S E T H H A T :

WHEREAS, the Agreement and Plan of Merger (the "Merger Agreement") dated as of August 16, 1999, as amended as of December 13, 1999, and as further amended as of December 27, 1999, and as further amended as of February 17, 2000, by and between NBTB and Lake Ariel Bancorp, Inc., a Pennsylvania corporation having its principal office in Lake Ariel, Pennsylvania ("LABN"), provides that LABN will be merged with and into NBTB (the "Merger");

WHEREAS, Executive is the president and chief executive officer of LA Bank, National Association, a national banking association which is a wholly-owned subsidiary of LABN (referred to herein, together with the operations of any Pennsylvania-based bank with which it may combine, as "New Bank");

WHEREAS, NBTB desires to secure the employment of Executive upon consummation of the Merger;

WHEREAS, Executive is desirous of entering into the Agreement for such periods and upon the terms and conditions set forth herein; and

WHEREAS, to assist in achieving the objectives of the transactions described in the Merger Agreement, section 4.8 of the Merger Agreement contemplates that Executive will enter into an employment agreement as a condition to the consummation of the transactions described therein.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements hereinafter set forth, intending to be legally bound, the parties agree as follows:

1. EMPLOYMENT; RESPONSIBILITIES AND DUTIES.

(a) Contingent upon the occurrence of the Merger, NBTB hereby agrees to cause New Bank to employ Executive, and Executive hereby agrees to serve as chief executive officer of New Bank, or of the northeastern Pennsylvania operations of any successor entity to New Bank, during the Term of Employment. Executive shall have such executive duties, responsibilities, and authority as shall be set forth in the bylaws of New Bank or such successor entity on the date of this Agreement or as may otherwise be determined by NBTB or by New Bank or such successor entity. During the Term of Employment, Executive shall report directly to the chief executive officer of NBTB.



(b) Contingent upon the occurrence of the Merger, NBTB hereby agrees to cause Executive to be reelected to the board of directors of New Bank for successive terms throughout the Term of Employment. Subject to the fiduciary duties of its directors to NBTB, as promptly as practicable after the occurrence of the Merger NBTB will use its best efforts to cause Executive to be elected or appointed as a director of NBTB, to serve as a director of the class whose term expires in 2000, and to propose to its stockholders at its next annual meeting of stockholders that Executive be reelected to the board of directors of NBTB as a member of the class whose term shall expire in 2003.

(c) Executive shall devote his full working time and best efforts to the performance of his responsibilities and duties hereunder and to the retention of the customer relationships to which New Bank has been a party prior to the date of this Agreement and the expansion of the customer relationships of New Bank subsequent to the date of this Agreement. During the Term of Employment, Executive shall not, without the prior written consent of the Board of Directors of New Bank, render services as an employee, independent contractor, or otherwise, whether or not compensated, to any person or entity other than New Bank or its affiliates; provided that Executive may, where involvement in such activities does not individually or in the aggregate significantly interfere with the performance by Executive of his duties or violate the provisions of section 4 hereof, (i) render services to charitable organizations, (ii) manage his personal investments, and (iii) with the prior permission of the Board of Directors of NBTB, hold such other directorships or part-time academic appointments or have such other business affiliations as would otherwise be prohibited under this section 1.

## 2. TERM OF EMPLOYMENT.

(a) The term of this Agreement ("Term of Employment") shall be the period commencing on the first business day following the date of the Merger (the "Commencement Date") and continuing until the Termination Date, which shall mean the earliest to occur of:

(i) the third anniversary of the Commencement Date, unless the Term of Employment shall be extended for one additional year by Executive, upon written notice provided by Executive to NBTB not later than nine months prior to the third anniversary of the Commencement Date;

(ii) the death of Executive;

(iii) Executive's inability to perform his duties hereunder, as a result of physical or mental disability as reasonably determined by the personal physician of Executive, for a period of at least 180 consecutive days or for at least 180 days during any period of twelve consecutive months during the Term of Employment; or

(iv) the discharge of Executive by NBTB "for cause," which shall mean one or more of the following:

(A) any willful or gross misconduct by Executive with respect to the business and affairs of NBTB or New Bank, or with respect to any of its affiliates for which Executive is assigned material responsibilities or duties;

(B) the conviction of Executive of a felony (after the earlier of the expiration of any applicable appeal period without perfection of an appeal by Executive or the denial of any appeal as to which no further appeal or review is available to Executive) whether or not committed in the course of his employment by NBTB;

(C) Executive's willful neglect, failure, or refusal to carry out his duties hereunder in a reasonable manner (other than any such failure resulting from disability or death or from termination by Executive for Good Reason, as hereinafter defined) after a written demand for substantial performance is delivered to Executive that specifically identifies the manner in which NBTB believes that Executive has not substantially performed his duties and Executive has not resumed substantial performance of his duties on a continuous basis within thirty days of receiving such demand; or

(D) the breach by Executive of any representation or warranty in section 6(a) hereof or of any agreement contained in section 1, 4, 5, or 6(b) hereof, which breach is material and adverse to NBTB or New Bank or any of its affiliates for which Executive is assigned material responsibilities or duties; or

(v) Executive's resignation from his position as chief executive officer of New Bank other than for "Good Reason," as hereinafter defined; or

(vi) the termination of Executive's employment by NBTB "without cause," which shall be for any reason other than those set forth in subsections (i), (ii), (iii), (iv), or (v) of this section 2(a), at any time, upon the thirtieth day following notice to Executive; or

(vii) Executive's resignation for "Good Reason."

"Good Reason" shall mean, without Executive's express written consent, reassignment of Executive to a position other than as chief executive officer of New Bank, or of the northeastern Pennsylvania operations of any successor entity to New Bank, other than for "Cause," or a decrease in the amount or level of Executive's salary or benefits from the amount or level established in section 3 hereof.

(b) In the event that the Term of Employment shall be terminated for any reason other than that set forth in section 2(a)(vi) or 2(a)(vii) hereof, Executive shall be entitled to receive, upon the occurrence of any such event:

(i) any salary (as hereinafter defined) payable pursuant to section 3(a)(i) hereof which shall have accrued as of the Termination Date; and

(ii) such rights as Executive shall have accrued as of the Termination Date under the terms of any plans or arrangements in which he participates pursuant to section 3(b) hereof, any right to reimbursement for expenses accrued as of the Termination Date payable pursuant to section 3(j) hereof, and the right to receive the cash equivalent of paid annual leave and sick leave accrued as of the Termination Date pursuant to section 3(e) hereof.

(c) In the event that the Term of Employment shall be terminated for the reason set forth in section 2(a)(vi) or 2(a)(vii) hereof, Executive shall be entitled to receive:

(i) any salary payable pursuant to section 3(a) hereof which shall have accrued as of the Termination Date, and, for the period commencing on the date immediately following the Termination Date and ending upon and including the fourth anniversary of the Commencement Date, salary payable at the rate established pursuant to section 3(a)(i) hereof, in a manner consistent with the normal payroll practices of New Bank with respect to executive personnel as presently in effect or as they may be modified by New Bank from time to time; and

(ii) such rights as Executive may have accrued as of the Termination Date under the terms of any plans or arrangements in which he participates pursuant to section 3(b) hereof, any right to reimbursement for expenses accrued as of the Termination Date payable pursuant to section 3(j) hereof, and the right to receive the cash equivalent of paid annual leave and sick leave accrued as of the Termination Date pursuant to section 3(e) hereof.

(d) Any provision of this section 2 to the contrary notwithstanding, in the event that the employment of Executive with NBTB or New Bank is terminated in any situation described in section 3 of the change-in-control letter agreement dated February 17, 2000 between NBTB and Executive (the "Change-in-Control Agreement") so as to entitle Executive to a severance payment and other benefits described in section 3 of the Change-in-Control Agreement, then Executive shall be entitled to receive the following, and no more, under this section 2:

(i) any salary payable pursuant to section 3(a) hereof which shall have accrued as of the Termination Date;

(ii) such rights as Executive shall have accrued as of the Termination Date under the terms of any plans or arrangements in which he participates pursuant to section 3(b) hereof, any right to reimbursement for expenses accrued as of the Termination Date payable pursuant to section 3(j) hereof, and the right to receive the cash equivalent of paid annual leave and sick leave accrued as of the Termination Date pursuant to section 3(e) hereof; and

(iii) the severance payment and other benefits provided in the Change-in-Control Agreement.

3. COMPENSATION. For the services to be performed by Executive for New Bank under this Agreement, Executive shall be compensated in the following manner:

(a) SALARY. During the Term of Employment:

(i) New Bank shall pay Executive a salary which, on an annual basis, shall not be less than \$230,000, assuming Executive performs competently. Salary shall be payable in accordance with the normal payroll practices of New Bank with respect to executive personnel as presently in effect or as they may be modified by New Bank from time to time.

(ii) Executive shall be eligible to be considered for salary increases, upon review, in accordance with the compensation policies of NBTB with respect to executive personnel as presently in effect or as they may be modified by NBTB from time to time.

(iii) Executive shall be eligible to be considered for performance bonuses of up to 75 percent of salary (with his performance evaluated primarily based upon the performance of New Bank, or of the northeastern Pennsylvania operations of any successor entity to New Bank, and secondarily based upon the performance of NBTB taken as a whole), in accordance with the compensation policies of NBTB with respect to executive personnel as presently in effect or as they may be modified by NBTB from time to time.

(b) EMPLOYEE BENEFIT PLANS OR ARRANGEMENTS. During the Term of Employment, Executive shall be entitled to participate in all employee benefit plans of NBTB, as presently in effect or as they may be modified by NBTB from time to time, under such terms as may be applicable to officers of Executive's rank employed by NBTB or its affiliates, including, without limitation, plans providing retirement benefits, stock options, medical insurance, life insurance, disability insurance, and accidental death or dismemberment insurance, provided that there be no duplication of such benefits as are provided under any other provision of this Agreement. During the Term of Employment, medical insurance for Executive will be procured through the same carrier that provided insurance coverage to Executive as an employee of New Bank as of June 30, 1999, or from such other insurance carrier as shall be mutually acceptable to Executive and NBTB.

(c) STOCK OPTIONS. Each January or February annually during the Term of Employment, NBTB will cause Executive to be granted a non-statutory ("non-qualified") stock option (each an "Option") to purchase the number of shares of the common stock of NBTB, no par value, \$1.00 stated value, or the common stock of NBTB as reclassified to have a par value of \$.01 per share, as the case may be (the "NBTB Common Stock"), pursuant to the NBT Bancorp Inc. 1993 Stock Option Plan, as amended, or any appropriate successor plan (the "Stock Option Plan"), computed by dividing 250 percent of the annualized salary of Executive on the date of grant of the Option by the "Fair Market Value" of NBTB Common Stock (as defined in the Stock Option Plan). The option exercise price per share of the shares subject to each Option shall be such Fair Market Value, and the terms, conditions of exercise, and vesting schedule of such Option shall be as set forth in section 8 of the Stock Option Plan.

(d) SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS. NBTB shall assume and continue in effect the LA Bank, N.A. Salary Continuation Agreement between New Bank and Executive dated March 7, 1997, the Supplementary Retirement Benefit Agreement between New Bank and Executive dated January 6, 1995, and the Salary Continuation Agreement between New Bank and Executive dated May 5, 1989, and, in return therefor, Executive renounces entitlement to benefits under any supplemental executive retirement plan to which he would otherwise be entitled as an executive of NBTB or an affiliate of NBTB.

(e) VACATION AND SICK LEAVE. During the Term of Employment, Executive shall be entitled to paid annual vacation periods and sick leave in accordance with the policies of NBTB as in effect as of the Commencement Date or as may be modified by NBTB from time to time as may be applicable to officers of Executive's rank employed by NBTB or its affiliates, but in no event less than four weeks of paid vacation per year.

(f) AUTOMOBILE. During the Term of Employment, Executive shall be entitled to the use of an automobile owned by New Bank, the make, model, and year of which automobile shall be appropriate to an officer of Executive's rank employed by NBTB or its affiliates and consistent with that provided to others of Executive's rank employed by NBTB or its affiliates. Executive shall be responsible for all expenses of ownership and use of such automobile, subject to reimbursement of expenses for business use in accordance with section 3(j).

(g) COUNTRY CLUB DUES. During the Term of Employment, Executive shall be reimbursed for dues and assessments incurred in relation to Executive's membership at Country Club of Scranton.

(h) LIFE INSURANCE. During the Term of Employment, life insurance paid by New Bank on the life of Executive for the benefit of his designated beneficiary or beneficiaries shall be maintained at no less than the level of insurance maintained as of June 30, 1999.

(i) WITHHOLDING. All compensation to be paid to Executive hereunder shall be subject to required withholding and other taxes.

(j) EXPENSES. During the Term of Employment, Executive shall be reimbursed for reasonable travel and other expenses incurred or paid by Executive in connection with the performance of his services under this Agreement, upon presentation of expense statements or vouchers or such other supporting information as may from time to time be requested, in accordance with such policies of NBTB as are in effect as of the Commencement Date and as may be modified by NBTB from time to time, under such terms as may be applicable to officers of Executive's rank employed by NBTB or its affiliates.

4. CONFIDENTIAL BUSINESS INFORMATION; NON-COMPETITION.

(a) Executive acknowledges that certain business methods, creative techniques, and technical data of NBTB and its affiliates and the like are deemed by NBTB to be and are in fact confidential business information of NBTB or its affiliates or are entrusted to third parties. Such confidential information includes but is not limited to procedures, methods, sales relationships developed while in the service of NBTB or its affiliates, knowledge of customers and their requirements, marketing plans, marketing information, studies, forecasts, and surveys, competitive analyses, mailing and marketing lists, new business proposals, lists of vendors, consultants, and other persons who render service or provide material to NBTB or New Bank or their affiliates, and compositions, ideas, plans, and methods belonging to or related to the affairs of NBTB or New Bank or their affiliates. In this regard, NBTB asserts proprietary rights in all of its business information and that of its affiliates except for such information as is clearly in the public domain. Notwithstanding the foregoing, information that would be generally known or available to persons skilled in Executive's fields shall be considered to be "clearly in the public domain" for the purposes of the preceding sentence. Executive agrees that he will not disclose or divulge to any third party, except as may be required by his duties hereunder, by law, regulation, or order of a court or government authority, or as directed by NBTB, nor shall he use to the detriment of NBTB or its affiliates or use in any business or on behalf of any business competitive with or substantially similar to any business of NBTB or New Bank or their affiliates, any confidential business information obtained during the course of his employment by New Bank. The foregoing shall not be construed as restricting Executive from disclosing such information to the employees of NBTB or New Bank or their affiliates.

(b) Executive hereby agrees that from the Commencement Date until the second anniversary of the Termination Date (or, in the event that the Term of Employment has been terminated for the reason set forth in section 2(a)(vi) or 2(a)(vii) hereof, Executive agrees that until the first anniversary of the Termination Date), Executive will not (i) engage in any aspect of the banking, trust or financial services business over which Executive has had, during the Term of Employment, significant executive or managerial responsibilities, other than on behalf of NBTB or New Bank or their affiliates, within the Market Area (as hereinafter defined), (ii) directly or indirectly own, manage, operate, control, be employed by, or provide management or consulting services in any capacity to any firm, corporation, or other entity (other than NBTB or New Bank or their affiliates) engaged in the Market Area in any aspect of the banking, trust or financial services business over which Executive has had, during the Term of Employment, significant executive or managerial responsibilities, or (iii) directly or indirectly solicit or otherwise intentionally cause any person known to Executive to be an employee, officer, or member of the respective Boards of Directors of New Bank or any of its affiliates to engage in any action prohibited under (i) or (ii) of this section 4(b); provided that the ownership by Executive as an investor of not more than five percent of the outstanding shares of stock of any corporation, or the shares of any investment company as defined in section 3 of the Investment Company Act of 1940, as amended, shall not in itself constitute a violation of Executive's obligations under this section 4(b).

(c) Executive acknowledges and agrees that irreparable injury will result to NBTB in the event of a breach of any of the provisions of this section 4 (the "Designated Provisions") and that NBTB will have no adequate remedy at law with respect thereto. Accordingly, in the event of a material breach of any Designated Provision, and in addition to any other legal or equitable remedy NBTB or New Bank may have, NBTB shall be entitled to the entry of a preliminary and permanent injunction (including, without limitation, specific performance) by a court of competent jurisdiction in Chenango County, New York, Wayne County, Pennsylvania, or elsewhere, to restrain the violation or breach thereof by Executive, and Executive submits to the jurisdiction of such court in any such action.

(d) It is the desire and intent of the parties that the provisions of this section 4 shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this section 4 shall be adjudicated to be invalid or unenforceable, such provision shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. In addition, should any court determine that the provisions of this section 4 shall be unenforceable with respect to scope, duration, or geographic area, such court shall be empowered to substitute, to the extent enforceable, provisions similar hereto or other provisions so as to provide to NBTB, to the fullest extent permitted by applicable law, the benefits intended by this section 4.

(e) As used herein, "Market Area" shall mean the area or areas delineated by circles formed by radii extending twenty-five miles from (i) the head office of New Bank, (ii) the authorized branches of New Bank as they may exist from time to time, and (iii) each branch of a depository institution affiliated with New Bank for which Executive has or has had significant executive or managerial responsibilities.

5. LIFE INSURANCE. In light of the unusual abilities and experience of Executive, NBTB in its discretion may apply for and procure as owner and for its own benefit insurance on the life of Executive, in such amount and in such form as NBTB may choose. NBTB shall make all payments for such insurance and shall receive all benefits from it. Executive shall have no interest whatsoever in any such policy or policies but, at the request of NBTB, shall submit to medical examinations and supply such information and execute such documents as may reasonably be required by the insurance company or companies to which NBTB has applied for insurance.

6. REPRESENTATIONS AND WARRANTIES.

(a) Executive represents and warrants to NBTB that his execution, delivery, and performance of this Agreement will not result in or constitute a breach of or conflict with any term, covenant, condition, or provision of any commitment, contract, or other agreement or instrument, including, without limitation, any other employment agreement, to which Executive is or has been a party.

(b) Executive shall indemnify, defend, and hold harmless NBTB for, from, and against any and all losses, claims, suits, damages, expenses, or liabilities, including court costs and counsel fees, which NBTB has incurred or to which NBTB may become subject, insofar as such losses, claims, suits, damages, expenses, liabilities, costs, or fees arise out of or are based upon any failure of any representation or warranty of Executive in section 6(a) hereof to be true and correct when made.

7. NOTICES. All notices, consents, waivers, or other communications which are required or permitted hereunder shall be in writing and deemed to have been duly given if delivered personally or by messenger, transmitted by telex or telegram, by express courier, or sent by registered or certified mail, return receipt requested, postage prepaid. All communications shall be addressed to the appropriate address of each party as follows:

If to NBTB:

NBT Bancorp Inc.  
52 South Broad Street  
Norwich, New York 13815

Attention: Mr. Daryl R. Forsythe  
President and Chief Executive Officer

With a required copy to:

Brian D. Alprin, Esq.  
Duane, Morris & Heckscher LLP  
1667 K Street, N.W., Suite 700  
Washington, D.C. 20006

If to Executive:

Mr. John G. Martines  
R.D. 1, Box 824  
Carbondale, Pennsylvania 18407



All such notices shall be deemed to have been given on the date delivered, transmitted, or mailed in the manner provided above.

8. ASSIGNMENT.

(a) Neither party may assign this Agreement or any rights or obligations hereunder without the consent of the other party.

(b) The parties contemplate that at the time of the Merger, or subsequent to such time, New Bank may engage in a merger or similar transaction with an affiliated bank, in which case references in this Agreement to New Bank shall be construed to apply to the successor institution in such transaction.

9. GOVERNING LAW. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Delaware, without giving effect to the principles of conflict of law thereof. The parties hereby designate the Chancery Court in New Castle County, Delaware to be the proper jurisdiction and venue for any suit or action arising out of this Agreement. Each of the parties consents to personal jurisdiction in such venue for such a proceeding and agrees that it may be served with process in any action with respect to this Agreement or the transactions contemplated thereby by certified or registered mail, return receipt requested, or to its registered agent for service of process in the State of Delaware. Each of the parties irrevocably and unconditionally waives and agrees, to the fullest extent permitted by law, not to plead any objection that it may now or hereafter have to the laying of venue or the convenience of the forum of any action or claim with respect to this Agreement or the transactions contemplated thereby brought in the courts aforesaid.

10. ENTIRE AGREEMENT. This Agreement constitutes the entire understanding among NBTB, New Bank, and Executive relating to the subject matter hereof. Any previous agreements or understandings between the parties hereto or between Executive and New Bank or any of its affiliates regarding the subject matter hereof, including without limitation the terms and conditions of employment, compensation, benefits, retirement, competition following employment, and the like, are merged into and superseded by this Agreement. Neither this Agreement nor any provisions hereof can be modified, changed, discharged, or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge, or termination is sought.

11. ILLEGALITY; SEVERABILITY.

(a) Anything in this Agreement to the contrary notwithstanding, this Agreement is not intended and shall not be construed to require any payment to Executive which would violate any federal or state statute or regulation, including without limitation the "golden parachute payment regulations" of the Federal Deposit Insurance Corporation codified to Part 359 of title 12, Code of Federal Regulations.

(b) If any provision or provisions of this Agreement shall be held to be invalid, illegal, or unenforceable for any reason whatsoever:

(i) the validity, legality, and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal, or unenforceable) shall not in any way be affected or impaired thereby; and

(ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provisions held to be invalid, illegal, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal, or unenforceable.

12. ARBITRATION. Subject to the right of each party to seek specific performance (which right shall not be subject to arbitration), if a dispute arises out of or related to this Agreement, or the breach thereof, such dispute shall be referred to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). A dispute subject to the provisions of this section will exist if either party notifies the other party in writing that a dispute subject to arbitration exists and states, with reasonable specificity, the issue subject to arbitration (the "Arbitration Notice"). The parties agree that, after the issuance of the Arbitration Notice, the parties will try in good faith to resolve the dispute by mediation in accordance with the Commercial Rules of Arbitration of AAA between the date of the issuance of the Arbitration Notice and the date the dispute is set for arbitration. If the dispute is not settled by the date set for arbitration, then any controversy or claim arising out of this Agreement or the breach hereof shall be resolved by binding arbitration and judgment upon any award rendered by arbitrator(s) may be entered in a court having jurisdiction. Any person serving as a mediator or arbitrator must have at least ten years' experience in resolving commercial disputes through arbitration. In the event any claim or dispute involves an amount in excess of \$100,000, either party may request that the matter be heard by a panel of three arbitrators; otherwise all matters subject to arbitration shall be heard and resolved by a single arbitrator. The arbitrator shall have the same power to compel the attendance of witnesses and to order the production of documents or other materials and to enforce discovery as could be exercised by a United States District Court judge sitting in the Northern District of New York. In the event of any arbitration, each party shall have a reasonable right to conduct discovery to the same extent permitted by the Federal Rules of Civil Procedure, provided that such discovery shall be concluded within ninety days after the date the matter is set for arbitration. In the event of any arbitration, the arbitrator or arbitrators shall have the power to award reasonable attorney's fees to the prevailing party. Any provision in this Agreement to the contrary notwithstanding, this section shall be governed by the Federal Arbitration Act and the parties have entered into this Agreement pursuant to such Act.

13. COSTS OF LITIGATION. In the event litigation is commenced to enforce any of the provisions hereof, or to obtain declaratory relief in connection with any of the provisions hereof, the prevailing party shall be entitled to recover reasonable attorney's fees. In the event this Agreement is asserted in any litigation as a defense to any liability, claim, demand, action, cause of action, or right asserted in such litigation, the party prevailing on the issue of that defense shall be entitled to recovery of reasonable attorney's fees.

14. AFFILIATION. A company will be deemed to be "affiliated" with NBTB or New Bank according to the definition of "Affiliate" set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

15. HEADINGS. The section and subsection headings herein have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

16. AGREEMENT CONTINGENT UPON MERGER. This Agreement is contingent upon the occurrence of the Merger and, if the Merger fails to occur, this Agreement will be null and void and of no past or future effect.

IN WITNESS WHEREOF, the parties hereto executed or caused this Agreement to be executed as of the day and year first above written.

NBT BANCORP INC.

By: /S/ DARYL R. FORSYTHE  
Daryl R. Forsythe  
President and Chief Executive Officer

JOHN G. MARTINES

/S/ JOHN G. MARTINES



EXHIBIT 10.9

Form of Change-In-Control Agreement between NBT Bancorp Inc. and the following officers of NBT Bancorp Inc. or one or more of its subsidiaries: John R. Bradley, Michael J. Chewens, Rita K. DeMarko, Martin A. Dietrich, Joseph J. Earyes, Daryl R. Forsythe, John G. Martines, Joe C. Minor, Jane Neal, David E. Raven, Kenneth C. Reilly, and John D. Roberts

[ 1 ], 2000

[ ]  
[ ]  
[ ]

Dear Mr./Ms. [ ]:

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NBT Bancorp Inc. (which, together with its wholly-owned [ 2 ] is referred to as the "Company") considers the stability of its key management group to be essential to the best interests of the Company and its shareholders. The Company recognizes that, as is the case with many publicly-held corporations, the possibility of a change in control may arise and that the attendant uncertainty may result in the departure or distraction of key management personnel to the detriment of the Company and its shareholders.

Accordingly, the Board of Directors of the Company (the "Board") has determined that appropriate steps should be taken to encourage members of the Company's key management group to

[FN]

1 "January 1" for Messrs. Bradley, Chewens, Dietrich, Forsythe, Minor, Raven, Reilly, Roberts, Ms. DeMarko, and Ms. Neal; "February 17" for Messrs. Earyes and Martines.

2 "subsidiary, NBT Bank, National Association," for Messrs. Bradley, Chewens, Dietrich, Forsythe, Minor, Raven, Reilly, Roberts, Ms. DeMarko, and Ms. Neal; "subsidiaries, NBT Bank, National Association and LA Bank, National Association" for Messrs. Earyes and Martines.

continue as employees notwithstanding the possibility of a change in control of the Company.

The Board also believes it important that, in the event of a proposal for transfer of control of the Company, you be able to assess the proposal and advise the Board without being influenced by the uncertainties of your own situation.

In order to induce you to remain in the employ of the Company, [ 3 ]

1. AGREEMENT TO PROVIDE SERVICES; RIGHT TO TERMINATE.

(a) TERMINATION PRIOR TO CERTAIN OFFERS. Except as otherwise provided in paragraph (b) below, or in any written employment agreement between you and the Company, the Company or you may terminate your employment at any time. If, and only if, such termination occurs after a change in control of the Company (as defined in section 6), the provisions of this Agreement regarding the payment of severance compensation and benefits shall apply.

[FN]

3 "we entered an agreement, approved by the Board, dated February 21, 1995, and revised by Board action on April 28, 1998, providing for severance compensation that the Board agreed would be provided to you in the event your employment with the Company terminated subsequent to a change in control ("Agreement"). We have agreed upon various changes to the Agreement, agreed to by the Board, and have agreed to amend and restate the Agreement in its entirety as follows:" for Mr. Forsythe; "we entered an agreement, approved by the Board, dated January 2, 1997 and revised by Board action on October 27, 1998, providing for severance compensation that the Board agreed would be provided to you in the event your employment with the Company terminated subsequent to a change in control ("Agreement"). We have agreed upon various changes to the Agreement, agreed to by the Board, and have agreed to amend and restate the Agreement in its entirety as follows:" for Messrs. Dietrich, Minor, and Roberts; "we entered an agreement, approved by the Board, dated January 2, 1997 and revised by Board action on April 28, 1998, providing for severance compensation that the Board agreed would be provided to you in the event your employment with the Company terminated subsequent to a change in control ("Agreement"). We have agreed upon various changes to the Agreement, agreed to by the Board, and have agreed to amend and restate the Agreement in its entirety as follows:" for Mr. Bradley; "we entered an agreement, approved by the Board, dated January 1, 1998 and revised by Board action on April 28, 1998, providing for severance compensation that the Board agreed would be provided to you in the event your employment with the Company terminated subsequent to a change in control ("Agreement"). We have agreed upon various changes to the Agreement, agreed to by the Board, and have agreed to amend and restate the Agreement in its entirety as follows:" for Messrs. Chewens, Raven, and Reilly and Ms. Neal; "this Agreement, which has been approved by the Board, sets forth the severance compensation which the Company agrees will be provided to you in the event your employment with the Company is terminated subsequent to a "change in control" of the Company under the circumstances described below." for Messrs. Earyes and Martines and Ms. DeMarko.

(b) TERMINATION SUBSEQUENT TO CERTAIN OFFERS. In the event a tender offer or exchange offer is made by a person (as defined in section 6) for more than 30 percent of the combined voting power of the Company's outstanding securities ordinarily having the right to vote at elections of directors ("Voting Securities"), including shares of common stock, no par value, of the Company (the "Company Shares"), you agree that you will not leave the employ of the Company (other than as a result of Disability as such term is defined in section 6) and will render services to the Company in the capacity in which you then serve until such tender offer or exchange offer has been abandoned or terminated or a change in control of the Company has occurred as a result of such tender offer or exchange offer. If, during the period you are obligated to continue in the employ of the Company pursuant to this section 1(b), the Company reduces your compensation, terminates your employment without Cause, or you provide written notice of your decision to terminate your employment for Good

Reason, your obligations under this section 1(b) shall thereupon terminate and you will be entitled to payments provided under Section 3(b).

2. TERM OF AGREEMENT. This Agreement shall commence on the date hereof and shall continue in effect until December 31, 2002; provided, however, that commencing December 31, 2000 and each December 31 thereafter, the remaining term of this Agreement shall automatically be extended for one additional year (to a total of three years) unless at least 90 days prior to such anniversary, the Company or you shall have given notice that this Agreement shall not be extended; and provided, however, that if a change in control of the Company shall occur while this Agreement is in effect, this Agreement shall automatically be extended for 24 months from the date the change in control occurs. This Agreement shall terminate if you or the Company terminates your employment prior to a change in control of the Company but without prejudice to any remedy the Company may have for breach of your obligations, if any, under section 1(b).

3. SEVERANCE PAYMENT AND BENEFITS IF TERMINATION OCCURS FOLLOWING CHANGE IN CONTROL FOR DISABILITY, WITHOUT CAUSE, OR WITH GOOD REASON. If, within 24 months from the date of occurrence of any event constituting a change in control of the Company (it being recognized that more than one such event may occur in which case the 24-month period shall run from the date of occurrence of each such event), your employment with the Company is terminated (i) by the Company for Disability, (ii) by the Company without Cause, or (iii) by you with Good Reason (as defined in section 6), or within 90 days of a Change in Control by you without Good Reason, you shall be entitled to a severance payment and other benefits as follows:

(a) DISABILITY. If your employment with the Company is terminated for Disability, your benefits shall thereafter be determined in accordance with the Company's long-term disability income insurance plan. If the Company's long-term disability income insurance plan is modified or terminated following a change in control, the Company shall substitute such a plan with benefits applicable to you substantially similar to those provided by such plan prior to its modification or termination. During any period that you fail to perform your duties hereunder as a result of incapacity due to physical or mental illness, you shall continue to receive your full base salary at the rate then in effect until your employment is terminated by the Company for Disability.

(b) TERMINATION WITHOUT CAUSE OR WITH GOOD REASON OR WITHIN 90 DAYS OF CHANGE IN CONTROL. If your employment with the Company is terminated without Cause by the Company or with Good Reason by you, or by you within 90 days of a Change in Control without Good Reason, then the Company shall pay to you, upon demand, the following amounts (net of applicable payroll taxes):

(i) Your full base salary plus year-to-date accrued vacation through the Date of Termination at the rate in effect on the date the change in control occurs.

(ii) As severance pay, an amount equal to the product of your "Base Amount" multiplied by the number [ 4 ]. As used in the previous sentence, your "Base Amount" will be determined in accordance with Section 280G of the Internal Revenue Code of 1986, as amended, which generally provides that the base amount is your average annual compensation includible in your gross income for federal income tax purposes for the five years immediately preceding the year in which the change in control occurs (or, if you shall have been employed by the Company for less than those five years, for the number of those years during which you shall have been employed by the Company, with any partial year annualized), including base salary, non-deferred amounts under annual incentive, long-term performance, and profit-sharing plans, distributions of previously deferred amounts under such plans, and ordinary income recognized with respect to stock options.

(C) RELATED BENEFITS. Unless you die or your employment is terminated by the Company for Cause or Disability, or by you other than for Good Reason or within 90 days of a Change in Control by you without Good Reason, the Company shall maintain in full force and effect, for the continued benefit of you for one year after the Date of Termination, all noncash employee benefit plans, programs, or arrangements (including, without limitation, pension and retirement plans and arrangements, stock option plans, life insurance and health and accident plans and arrangements, medical insurance plans, disability plans, and vacation plans) in which you were entitled to participate immediately prior to the Date of Termination provided that your continued participation is possible after Termination under the general terms and provisions of such plans, programs, and arrangements; provided, however, that if you become eligible to participate in a benefit plan, program, or arrangement of another employer which confers substantially similar benefits upon you, you shall cease to receive benefits under this subsection in respect of such plan, program, or arrangement. In the event that your participation in any such plan, program, or arrangement is barred, the Company shall arrange to provide you with benefits substantially similar to those which you are entitled to receive under such plans, programs and arrangements or alternatively, pay an amount equal to the reasonable value of such substantially similar benefits. If, after termination of employment following a Change in Control, you elect COBRA continuation coverage, the Company will pay you [ 5 ] worth of the applicable COBRA premium. If termination follows a Change in Control specified in Section 6(b)(iii), then you may elect in lieu of COBRA continuation

[FN]

4 "2.99" for Messrs. Bradley, Chewens, Dietrich, Forsythe, Martines, Minor, Roberts, and Ms. Neal; "2" for Mr. Earyes; "1" for Messrs. Raven and Reilly and Ms. DeMarko.

5 "18 months" for Messrs. Bradley, Chewens, Dietrich, Earyes, Forsythe, Martines, Minor, Roberts, and Ms. Neal; "12 months" for Messrs. Raven and Reilly and Ms. DeMarko.



coverage to have the acquiring entity obtain an individual or group health insurance coverage and the acquiring entity will pay [ 6 ] worth of premiums thereunder.

[FN]

6 "18 months" for Messrs. Bradley, Chewens, Dietrich, Earyes, Forsythe, Martines, Minor, Roberts, and Ms. Neal; "12 months" for Messrs. Raven and Reilly and Ms. DeMarko.

(d) ESTABLISHMENT OF TRUST. Within five days following conclusion of a Change in Control, the Company shall establish a trust that conforms in all regards with the model trust published in Revenue Procedure 92-64 and deposit an amount sufficient to satisfy all liabilities of the Company under Section 3(b) of this Agreement.

(e) AUTOMATIC EXTENSION. Notwithstanding the prior provisions of this Section, if an individual is elected to the Board of Directors who has not been nominated by the Board of Directors as constituted prior to his election, then the term of this Agreement will automatically be extended until two years from the date on which such individual was elected if such extended termination date is later than the normal termination date of this Agreement, otherwise, the termination date of this Agreement will be as provided above. This extension will take effect only upon the first instance of an individual being elected to the Board of Directors without having been nominated by the original Board.

(f) ALTERNATIVE TO LUMP SUM PAYOUT. The amount described in this subsection will be paid to you in a single lump-sum unless, at least 30 days before the conclusion of a Change in Control, you elect in writing to receive the severance pay in 3 equal annual payments with the first payment to be made within 30 days of demand and the subsequent payments to be made by January 31st of each year subsequent to the year in which the first payment is made, provided that under no circumstances will two payments be made during a single tax year of the recipient.

4. PAYMENT IF TERMINATION OCCURS FOLLOWING CHANGE IN CONTROL, BECAUSE OF DEATH, FOR CAUSE, OR WITHOUT GOOD REASON. If your employment shall be terminated following any event constituting a change in control of the Company because of your death, or by the Company for Cause, or by you other than for Good Reason and not within 90 days of a Change in Control, the Company shall pay you your full base salary plus year-to-date accrued vacation through the Date of Termination at the rate in effect on the date of the change in control occurs. The Company shall have no further obligations to you under this Agreement.

5. NO MITIGATION. You shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor, except as expressly set forth herein, shall the amount of any

payment provided for in this Agreement be reduced by any compensation earned by you as the result of employment by another employer after the Date of Termination, or otherwise.

6. DEFINITIONS OF CERTAIN TERMS. For the purpose of this Agreement, the terms defined in this section 6 shall have the meanings assigned to them herein.

(a) CAUSE. Termination of your employment by the Company for "Cause" shall mean termination because, and only because, you committed an act of fraud, embezzlement, or theft constituting a felony or an act intentionally against the interests of the Company which causes the Company material injury. Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you were guilty of conduct constituting Cause as defined above and specifying the particulars thereof in detail.

(b) CHANGE IN CONTROL. A "Change in Control" of the Company shall mean:

(i) A change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A as in effect on the date hereof pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"); provided that, without limitation, such a change in control shall be deemed to have occurred at such time as any Person hereafter becomes the "Beneficial Owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 30 percent or more of the combined voting power of the Company's Voting Securities; or

(ii) During any period of two consecutive years, individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority thereof unless the election, or the nomination for election by the Company's shareholders, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period; or

(iii) There shall be consummated (x) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which Voting Securities would be converted into cash, securities, or other property, other than a merger of the Company in which the holders of Voting Securities immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger, or (y) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all, or substantially all of the assets of the Company, provided that any such consolidation, merger, sale, lease, exchange or other

transfer consummated at the insistence of an appropriate banking regulatory agency shall not constitute a change in control; or

(iv) Approval by the shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company.

(c) DATE OF TERMINATION. "Date of Termination" shall mean (i) if your employment is terminated by the Company for Disability, 30 days after Notice of Termination is given (provided that you shall not have returned to the performance of your duties on a full-time basis during such 30-day period), and (ii) if your employment is terminated for any other reason, the date on which a Notice of Termination is given; provided that if within 30 days after any Notice of Termination is given the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties or by a final judgment, order, or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected). The term of this Agreement shall be extended until the Date of Termination.

(d) DISABILITY. Termination of your employment by the Company for "Disability" shall mean termination because of your absence from your duties with the Company on a full-time basis for 180 consecutive days as a result of your incapacity due to physical or mental illness and your failure to return to the performance of your duties on a full-time basis during the 30-day period after Notice of Termination is given.

(e) GOOD REASON. Termination by you of your employment for "Good Reason" shall mean termination based on any of the following:

(i) A change in your status or position(s) with the Company, which in your reasonable judgment, does not represent a promotion from your status or position(s) as in effect immediately prior to the change in control, or a change in your duties or responsibilities which, in your reasonable judgment, is inconsistent with such status or position(s), or any removal of you from, or any failure to reappoint or reelect you to, such position(s), except in connection with the termination of your employment for Cause or Disability or as a result of your death or by you other than for Good Reason.

(ii) A reduction by the Company in your base salary as in effect immediately prior to the change in control.

(iii) The failure by the Company to continue in effect any Plan (as hereinafter defined) in which you are participating at the time of the change in control of the Company (or Plans providing you with at least substantially similar benefits) other than as a result of the normal expiration of any such Plan in accordance with its terms as in effect at the time of the change in control, or the taking of any action, or the failure to act, by the Company which would adversely affect your continued participation in any of such Plans on at least as favorable a basis to you as is the case on the date of the change in control or which would materially reduce your benefits in the future under any of such Plans or deprive you of any material benefit enjoyed by you at the time of the change in control.

(iv) The failure by the Company to provide and credit you with the number of paid vacation days to which you are then entitled in accordance with the Company's normal vacation policy as in effect immediately prior to the change in control.

(v) The Company's requiring you to be based anywhere other than where your office is located immediately prior to the change in control except for required travel on the Company's business to an extent substantially consistent with the business travel obligations which you undertook on behalf of the Company prior to the change in control.

(vi) The failure by the Company to obtain from any successor the assent to this Agreement contemplated by section 8 hereof.

(vii) Any purported termination by the Company of your employment which is not effected pursuant to a Notice of Termination satisfying the requirements of this Agreement; and for purposes of this Agreement, no such purported termination shall be effective.

(viii) Any refusal by the Company to continue to allow you to attend to matters or engage in activities not directly related to the business of the Company which, prior to the change in control, you were permitted by the Board to attend to or engage in.

For purposes of this subsection, "Plan" shall mean any compensation plan such as an incentive or stock option plan or any employee benefit plan such as a thrift, pension, profit sharing, medical, disability, accident, life insurance plan, or a relocation plan or policy or any other plan, program, or policy of the Company intended to benefit employees.

(f) NOTICE OF TERMINATION. A "Notice of Termination" of your employment given by the Company shall mean a written notice given to you of the termination of your employment which shall indicate the specific termination provision in this Agreement relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(g) PERSON. The term "Person" shall mean and include any individual, corporation, partnership, group, association, or other "person," as such term is used in section 14(d) of the Exchange Act, other than the Company or any employee benefit plan(s) sponsored by the Company.

7. NOTICE. For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be

deemed to have been duly given when delivered or mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Chief Executive Officer of the Company with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

8. SUCCESSORS; BINDING AGREEMENT.

(a) This Agreement shall inure to the benefit of, and be binding upon, any corporate or other successor or assignee of the Company which shall acquire, directly or indirectly, by merger, consolidation or purchase, or otherwise, all or substantially all of the business or assets of the Company. The Company shall require any such successor, by an agreement in form and substance satisfactory to you, expressly to assume and agree to perform this Agreement in the same manner and to the same extent as the Company would be required to perform if no such succession had taken place.

(b) This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee, or other designee or, if there is no such designee, to your estate.

9. INCREASED SEVERANCE PAYMENTS UPON APPLICATION OF EXCISE TAX.

(a) ADJUSTMENT OF PAYMENT. In the event any payments or benefits you become entitled to pursuant to the Agreement or any other payments or benefits received or to be received by you in connection with a change in control of the Company or your termination of employment (whether pursuant to the terms of any other agreement, plan, or arrangement, or otherwise, with the Company, any person whose actions result in a change in control or any person affiliated with the Company or such person) (collectively the "Severance Payments") will be subject to the tax (the "Excise Tax") imposed by section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Company shall pay you an additional amount (the "Gross-Up Payment") so that the net amount retained by you, after deduction of the Excise Tax (but before deduction for any federal, state or local income tax) on the Severance Payments and after deduction for the aggregate of any federal, state, or local income tax and Excise Tax upon the Gross-Up Payment, shall be equal to the Severance Payments. For purposes of determining whether any of the Severance Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) the entire amount of the Severance Payments shall be treated as "parachute payments" within the meaning of section 280G(b)(2) of the Code and as subject to the Excise Tax,

unless and to the extent, in the written opinion of outside tax counsel selected by the Company's independent accountants and reasonably acceptable to you, such payments (in whole or in part) are not subject to the Excise Tax; and (ii) the value of any noncash benefits or any deferred payment or benefit (constituting a part of the Severance Payments) shall be determined by the Company's independent auditors in accordance with the principles of sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, you shall be deemed to pay federal income taxes at the highest marginal rate of the federal income taxation applicable to individuals (without taking into account surtaxes or loss or reduction of deductions) for the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rates of taxation in the state and locality of your residence on the date of Termination. In the event that the amount of Excise Tax you are required to pay is subsequently determined to be less than the amount taken into account hereunder, you shall repay to the Company promptly after the time that the amount of such reduction in Excise Tax is finally determined the amount of the reduction, together with interest on the amount of such reduction at the rate of 6 percent per annum from the date of the Gross-Up Payment, plus, if in the written opinion of outside tax counsel selected by the Company's independent accountants and reasonably acceptable to you, such payment (or a portion thereof) was not taxable income to you when reported or is deductible by you for federal income tax purposes, the net federal income tax benefit you actually realize as a result of making such payment pursuant to this sentence. In the event that the amount of Excise Tax you are required to pay is subsequently determined to exceed the amount taken into account hereunder, the Company shall make an additional Gross-Up Payment in the manner set forth above in respect of such excess (plus any interest, additions to tax, or penalties payable by you with respect to such excess) promptly after the time that the amount can be reasonably determined.

(b) TIME OF PAYMENT: ESTIMATED PAYMENT. The payments provided for in subsection (a) above, shall be made not later than the fifth business day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to you on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments, and shall pay the remainder of such payments (together with interest at the rate of 6 percent per annum) as soon as the amount thereof can be determined. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to you, payable on the fifth day after demand by the Company (together with interest at the rate of 6 percent per annum).

10. MISCELLANEOUS. No provision of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to in a writing signed by you and the Chief Executive Officer or President of the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or of compliance with, any condition or provision of this

Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same, or at any prior or subsequent, time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction, and performance of this Agreement shall be governed by laws of the State of New York without giving effect to the principles of conflict of laws thereof.

11. LEGAL FEES AND EXPENSES. The Company shall pay or reimburse any reasonable legal fees and expenses you may incur in connection with any legal action to enforce your rights under, or to defend the validity of, this Agreement. The Company will pay or reimburse such legal fees and expenses on a regular, periodic basis upon presentation by you of a statement or statements prepared by your counsel in accordance with its usual practices.

12. VALIDITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

13. PAYMENTS DURING CONTROVERSY. Notwithstanding the pendency of any dispute or controversy, the Company will continue to pay you your full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, base salary and installments of incentive compensation) and continue you as a participant in all compensation, benefit, and insurance plans in which you were participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with section 7(c). Amounts paid under this section are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement. You shall be entitled to seek specific performance of your right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

14. ILLEGALITY. Anything in this Agreement to the contrary notwithstanding, this Agreement is not intended and shall not be construed to require any payment to you which would violate any federal or state statute or regulation, including without limitation the "golden parachute payment regulations" of the Federal Deposit Insurance Corporation codified to Part 359 of title 12, Code of Federal Regulations.

If this letter correctly sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter, which will then constitute our agreement on this subject.

Very truly yours,

NBT BANCORP INC.

By: \_\_\_\_\_

AGREED TO: \_\_\_\_\_





EXHIBIT 10.10  
NBT Bancorp Inc. 2000 Executive Incentive Compensation Plan

January 24, 2000

NBT BANCORP INC.

Norwich, New York

2000 EXECUTIVE INCENTIVE COMPENSATION PLAN

NBT BANCORP INC.  
Norwich, New York

2000 EXECUTIVE INCENTIVE COMPENSATION PLAN

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NBT BANCORP INC.

Norwich, New York

#### INTRODUCTION

It is important to examine the benefits which accrue to the organization through the operation of the Executive Incentive Compensation Plan. The Plan impacts directly on senior management - those critical to the organization's success - and its purpose can be summarized as follows:

- \* PROVIDES MOTIVATION: The opportunity for incentive awards provides executives with the impetus to "stretch" for challenging, yet attainable, goals.
  
- \* PROVIDES RETENTION: by enhancing the organization's competitive compensation posture.
  
- \* PROVIDES MANAGEMENT TEAM BUILDING: by making the incentive award dependent on the attainment of organization goals, a "team orientation" is fostered among the participant group.
  
- \* PROVIDES INDIVIDUAL MOTIVATION: by making a portion of the incentive award dependent on the attainment of individual goals, a participant is encouraged to make significant personal contribution to the corporate effort.
  
- \* PROVIDES COMPETITIVE COMPENSATION STRATEGY: The implementation of incentive arrangements is competitive with current practice in the banking industry.

Highlights of the 2000 Executive Incentive Compensation Plan included in the following pages are below:

1. The Plan is competitive, if not more generous, compared with similar sized banking organizations and the banking industry in general.
2. The Compensation Committee of the Board of Directors controls all aspects of the Plan.
3. Management employees are eligible for participation.
4. The financial criteria necessary for Plan operation consists of achieving certain levels of net income for the company and/or its subsidiaries as applicable. Certain non recurring events may be excluded from the financial results at the discretion of the CEO and the Compensation Committee.
5. Incentive distributions will be made during the first quarter of the year following the Plan Year.
6. Incentive awards will be based on attainment of corporate goals. Total Incentive Awards may contain corporate, subsidiary and individual components; the corporate and subsidiary components awarded by virtue of their performance related to their goals and the individual component awarded by virtue of individual performance related to individual goals. Component percentages are shown in Appendix B.
7. Incentive distributions will be based on the matrix in Appendix B.

NBT BANCORP INC.

Norwich, New York

The Board of Directors of NBT Bancorp Inc. has established this 2000 Executive Incentive Compensation Plan. The purpose of the Plan is to meet and exceed financial goals and to promote a superior level of performance relative to the company's competition in its market area. Through payment of incentive compensation beyond base salaries, the Plan provides reward for meeting and exceeding the financial goals.

#### SECTION I - DEFINITIONS

Various terms used in the Plan are defined as follows:

**BASE SALARY:** the base salary at the end of the Plan year, excluding any bonuses, contributions to employee benefit programs, or other compensation not designated as salary.

**BOARD OF DIRECTORS:** The Board of Directors of NBT Bancorp Inc.

**PRESIDENT & CEO:** CEO of NBT Bancorp Inc.

**CORPORATE GOALS:** Those pre-set objectives and goals which are required to activate distribution of awards under the Plan.

**INDIVIDUAL GOALS:** Key objectives mutually agreed upon between participants and superior, and approved by the CEO.

**COMPENSATION COMMITTEE:** The Compensation Committee of the Board of Directors of the Bank.

**PLAN PARTICIPANT:** An eligible employee of the company or its subsidiaries as designated by the CEO and approved by the Compensation Committee for participation for the Plan Year.

**PLAN YEAR:** The 2000 calendar year.

## SECTION II - ELIGIBILITY TO PARTICIPATE

To be eligible for an award under the Plan, a Plan participant must be an officer in the full-time service of the company at the start and close of the calendar year and at the time of the award unless the CEO by special exception recommends to the Compensation Committee a special arrangement for a newly hired executive who may be designated by the CEO and approved by the Compensation Committee as eligible for an award as determined in the employment agreement. A Plan participant must be in the same or equivalent position, at year end as they were when named a participant or have been promoted during the course of the year, to be eligible for an award. If a Plan participant voluntarily leaves the employ of the company or its subsidiaries prior to the payment of the award, he/she is not eligible to receive an award. However, if the active full-time service of a participant in the Plan is terminated by death, disability, retirement, or if the participant is on an approved leave of absence, an award will be recommended for such a participant based on the proportion of the Plan year that he/she was in active service with the company or its subsidiaries.

## SECTION III - ACTIVATING THE PLAN

The operation of the Plan is predicated on attaining and exceeding management performance goals. The goals will consist of the attainment of certain net income levels. Non recurring events may be excluded from the financial results at the discretion of the CEO and the Compensation Committee. The Corporation must achieve a minimum net income set forth in Appendix B to trigger an award pursuant to the terms of this plan.

## SECTION IV - CALCULATION OF AWARDS

The Compensation Committee designates the incentive formula as shown in Appendix B. The Compensation Committee will make final decisions with respect to all incentive awards and will have final approval over all incentive awards. The individual participant data regarding maximum award and formulas used in calculation has been customized and appears as Appendix A.

## SECTION V - SPECIAL RECOMMENDATIONS

The CEO will recommend to the Compensation Committee the amounts to be awarded to individual participants in the incentive Plan. The CEO may recommend a change beyond the formula to a bonus award (increase or decrease) to an individual participant by a specified percentage based on assessment of special individual performance beyond the individual goals. The Compensation Committee may amend the CEO's bonus award. The amount of the adjustment is from 0%-20% of the actual award. No award will be granted to an officer whose performance is unacceptable.

## SECTION VI - DISTRIBUTION OF AWARDS

Unless a participant elects the deferred option outlined in the following paragraph, distribution of awards will be made during the first quarter of the year following the Plan year. Distribution of the bonus award must be approved by the Compensation Committee.

A participant may elect by written notice to the Committee at any time during the month of December of the Plan Year preceding the year to which the award relates to have all or a portion of his award deferred (Deferred Award). Any such election shall be irrevocable except unforeseeable financial emergency.

Any portion of participant's award that is deferred shall bear interest commencing on the Award Date based on the lowest balance in the participant's account during the month, as if invested at an annual rate equal to the highest annual rate offered at NBT on any customer deposit account in effect on the last day of the preceding calendar year. Interest shall be computed monthly, and credited to the participant's account as of the last day of each calendar month.

The Deferred Award shall be paid in five (5) annual installments upon the participant's ceasing to be actively employed by the Company for any reason. Payment shall begin on the 31st day of January following the year in which the participant ceases to be actively employed with the Company. However, a participant with the consent of the Committee, prior to termination of employment, may elect in writing to have the aggregate amount in his or her Deferred Award Account paid to him or her in a lump sum on a designated date.

Nothing contained in this Plan and no action taken pursuant to the provisions of this Plan shall create or be constructed to create a trust of any kind, or a fiduciary relationship between NBT and the participant, his or her designated beneficiary or any other person, nor shall the participant or any designated beneficiary have any preferred claim on, any title to, or any beneficial interest in, the assets of NBT or the payments deferred hereunder prior to the time such payments are actually paid to the participant pursuant to the terms herein. To the extent that the participant, his or her designated beneficiary or any person acquires a right to receive payments from NBT under this Plan, such right shall be no greater than the right of any unsecured general creditor of NBT.

The intent of this Section of the Plan is to create a voluntary, non-qualified, unfunded, deferred executive incentive compensation Plan which will defer the deduction of such incentive compensation for tax purposes by NBT and which will correspondingly defer the recognition of such compensation by the participant until such compensation is actually paid. It is therefore intended, and this Plan shall be construed and where necessary modified, so that the participants shall not be deemed to have constructively received such deferred compensation.

In the event of death, any approved award earned under the provisions of this plan will become payable to the beneficiary designated under this Plan; or if no such designation, to the designated beneficiary of the participant as recorded under the bank's group life insurance program; or in the absence of a valid designation, to the participant's estate.



## SECTION VII - PLAN ADMINISTRATION

The Compensation Committee shall, with respect to the Plan have full power and authority to construe, interpret and manage, control and administer this Plan, and to pass and decide upon cases in conformity with the objectives of the Plan under such rules as the Board of Directors of the bank may establish.

Any decision made or action taken by the company, the Board of Directors, or the Compensation Committee arising out of, or in connection with, the administration, interpretation, and effect of the Plan shall be at their absolute discretion and will be conclusive and binding on all parties. No member of the Board of Directors, Compensation Committee, or employee of the company or any of its subsidiaries shall be liable for any act or action hereunder, whether of omission or commission, by a Plan participant or employee or by any agent to whom duties in connection with the administration of the Plan have been delegated in accordance with the provision of the Plan.

## SECTION VIII - AMENDMENT, MODIFICATION, SUSPENSION OR TERMINATION

NBT reserves the right, by and through its Board of Directors to amend, modify, suspend, reinstate or terminate all or part of the Plan at any time. The Compensation Committee will give prompt written notice to each participant of any amendment, suspension or termination or any material modification of the Plan. In the event of a merger or acquisition, the Plan and related financial formulas will be reviewed and adjusted to take into account the effect of such activities.

## SECTION IX - EFFECTIVE DATE OF THE PLAN

The effective date of the Plan shall be January 1, 2000.

## SECTION X - EMPLOYER RELATION WITH PARTICIPANTS

Neither establishment nor the maintenance of the Plan shall be construed as conferring any legal rights upon any participant or any person for a continuation of employment, nor shall it interfere with the right of an employer to discharge any participant or otherwise deal with him/her without regard to the existence of the Plan.

## SECTION XI - GOVERNING LAW

Except to the extent pre-empted under federal law, the provisions of the Plan shall be construed, administered and enforced in accordance with the domestic internal law of the State of New York. In the event of relevant changes in the Internal Revenue Code, related rulings and regulations, changes imposed by other regulatory agencies affecting the continued appropriateness of the Plan and awards made thereunder, the Board may, at its sole discretion, accelerate or change the manner of payments of any unpaid awards or amend the provisions of the Plan.

DEFERRED COMPENSATION PLAN  
FOR OFFICERS OF NBT BANCORP  
ELECTION AGREEMENT

I, \_\_\_\_\_, hereby elect \_\_\_ to \_\_\_ not to participate in the Deferred Compensation Plan for Officers of NBT with respect to Executive Incentive Compensation (EICP) awards which I may receive for the calendar year of \_\_\_\_\_. I hereby elect to defer the payment of \_\_\_\_\_ (\_\_\_\_\_% ) of the EICP award which I would otherwise be entitled to receive.

\_\_\_ Please defer payment of the percentage of my EICP award specified above until the earlier of the following dates:

\_\_\_ Until \_\_\_\_\_(Specify date which may not be later than the date on which I will retire).

\_\_\_ Until the date of my death.

\_\_\_ Begin annual payments of deferred balance on \_\_\_\_\_ in the amount of 1/5th the balance each year until the balance has been paid in full (5 year payout).

\_\_\_ Because terms of the plan have changed since my election to defer EICP awards, please discontinue my deferral election and:

\_\_\_ Roll my deferred account proceeds into the following account at the institution indicated:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_ Please pay me out in cash, the balance of my account, at this time.

\_\_\_ I hereby designate the following person or persons as beneficiary hereunder in the event of my death:

Primary Beneficiary \_\_\_\_\_  
Secondary Beneficiary \_\_\_\_\_

I hereby revoke any prior election that may be inconsistent with the above.

I acknowledge that I have reviewed the plan and understand that my participation will be subject to the terms and conditions contained in the plan. Words and phrases used in this Election Agreement shall have the meanings assigned by the plan.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2000

\_\_\_\_\_



EXHIBIT 27.1  
 Financial Data Schedule  
 March 31, 2000

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM NBT BANCORP INC'S FORM 10-Q FOR THE PERIOD ENDED MARCH 31, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO FINANCIAL STATEMENTS

1,000		
U.S. DOLLARS		
	3-MOS	
	DEC-31-2000	
	JAN-1-2000	
	MAR-31-2000	
	1	59,800
1,023	0	
	0	
497,528		
78,772		
75,808	1,295,651	
	17,543	
	2,029,106	
	1,523,749	
	165,445	
15,587	161,793	
0	0	
	0	186
	162,346	
2,029,106		
	27,189	
	9,865	
	402	
	37,456	
	13,446	
	17,846	
19,610	1,334	
	0	
	14,983	
	6,908	
4,241	0	0
	4,241	
	.24	
	.23	
	4.32	
	7,740	
	630	
	0	
	28,739	
	16,654	
	693	
	248	
	17,543	
	14,568	
	0	
2,975		

EXHIBIT 27.2  
 Financial Data Schedule  
 March 31, 1999

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM NBT BANCORP INC'S FORM 10-Q FOR THE PERIOD ENDED MARCH 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO FINANCIAL STATEMENTS

1,000		
U.S. DOLLARS		
	3-MOS	
	DEC-31-1999	
	JAN-1-1999	
	MAR-31-1999	
	1	
		53,223
7,011		
	0	
	0	
491,502		
70,386		
70,094		
	1,081,971	
	15,608	
1,787,508		
	1,334,145	
	119,648	
13,868		
	149,887	
0		
	0	
	17,964	
	151,996	
1,787,508		
	22,679	
	8,465	
	458	
	31,602	
	11,006	
	13,884	
17,718		
	1,120	
	668	
	11,816	
	9,058	
5,776		
	0	
		0
	5,776	
	.32	
	.32	
	4.52	
	6,029	
	835	
	0	
	35,161	
	15,322	
	1,055	
	221	
	15,608	
	13,871	
	0	
1,737		