

[NBT
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[PIONEER AMERICAN
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MERGER PROPOSED -- YOUR VOTE IS VERY IMPORTANT

The boards of directors of NBT Bancorp Inc. and Pioneer American Holding Company Corp. have unanimously agreed on a merger of Pioneer American and NBT. Following the merger, NBT will be the surviving corporation. The board of directors of each company believes that the merger is in the best interests of its stockholders and unanimously recommends that its stockholders vote to approve the merger agreement. Each of us will hold a meeting of our stockholders to consider and vote upon the merger agreement and related matters. NBT stockholders will also consider and vote upon the issuance of NBT common stock to the Pioneer American stockholders in the merger.

Pioneer American stockholders will receive as merger consideration 1.805 shares of NBT common stock for each share of Pioneer American common stock owned. We expect the merger to be a tax-free transaction for Pioneer American stockholders, except for any cash they receive instead of fractional shares of NBT common stock. After completion of the merger, the stockholders of NBT and the former stockholders of Pioneer American will own, respectively, approximately 78% and 22% of the outstanding stock of the combined company. NBT common stock trades on the Nasdaq National Market under the symbol "NBTB."

We cannot complete the merger unless the stockholders of both companies approve it. Approval of the stock issuance and ratification of the merger agreement requires the affirmative vote of the holders of a majority of the shares of NBT common stock present and voting and entitled to vote. Approval of the merger agreement requires the affirmative vote of the holders of seventy percent of the outstanding shares of Pioneer American common stock entitled to vote. PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

The dates, times and places of the stockholders' meetings are as follows:

FOR NBT STOCKHOLDERS:

May 16, 2000
at 2:00 p.m. local time
Holiday Inn Arena
2-8 Hawley Street
Binghamton, New York

FOR PIONEER AMERICAN STOCKHOLDERS:

May 16, 2000
at 10:00 a.m. local time
Heart Lake Lodge
1299 Heart Lake Road
Jermyn, Pennsylvania

This joint proxy statement/prospectus provides you with detailed information about the merger and the other matters that we will submit for stockholder approval at NBT's and Pioneer American's stockholders' meetings. We encourage you to read this entire document carefully. This joint proxy statement/prospectus incorporates important business and financial information about NBT and Pioneer American that is not included in or delivered with this document. See "Where You Can Find More Information" on page 115.

/s/ Daryl R. Forsythe

Daryl R. Forsythe
President and Chief Executive Officer
of NBT Bancorp Inc.

/s/ John W. Reuther

John W. Reuther
President and Chief Executive Officer of
Pioneer American Holding Company Corp.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE NBT SHARES TO BE ISSUED UNDER THIS JOINT PROXY STATEMENT/PROSPECTUS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS JOINT PROXY STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE SHARES OF NBT COMMON STOCK OFFERED BY THIS JOINT PROXY STATEMENT/PROSPECTUS ARE NOT SAVINGS ACCOUNTS, DEPOSITS OR OTHER OBLIGATIONS OF ANY BANK OR NON-BANK SUBSIDIARY OF ANY OF THE PARTIES. THE FDIC OR ANY OTHER GOVERNMENTAL AGENCY DOES NOT INSURE OR GUARANTEE ANY LOSS TO YOU OF YOUR INVESTMENT VALUE IN THE NBT COMMON STOCK.

Joint proxy statement/prospectus dated April 3, 2000, and first mailed to stockholders on or about April 5, 2000.

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NBT Bancorp Inc., a Delaware corporation, will hold an annual meeting of stockholders at the Holiday Inn Arena, 2-8 Hawley Street, Binghamton, New York on May 16, 2000 at 2:00 p.m. local time for the following purposes:

1. Election of Directors. To fix the number of directors at twelve and to elect the six candidates listed in the joint proxy statement/prospectus.

2. To ratify the Board of Directors' action in its selection of its independent auditor for the year 2000.

3. To consider and vote upon the NBT Employee Stock Purchase Plan.

4. To consider and vote upon a proposal to issue approximately 5.2 million shares of NBT common stock in the merger and to ratify the Agreement and Plan of Merger, dated as of December 7, 1999, and amended as of March 7, 2000, between NBT and Pioneer American Holding Company Corp., a Pennsylvania corporation, which will approve the merger and the following actions described in the merger agreement:

- o Pioneer American will merge with a subsidiary of NBT, with Pioneer American being the surviving corporation,
- o Following the first merger, Pioneer American will merge with and into NBT, with NBT being the surviving corporation, and
- o NBT will issue approximately 5.2 million shares of common stock to the Pioneer American stockholders upon completion of the merger.

5. To transact such other business as may properly come before the NBT annual meeting.

We describe more fully the election of directors, selection of the independent auditor, the issuance of NBT common stock and the merger agreement, the merger and related matters in the attached joint proxy statement/prospectus, which includes a copy of the merger agreement as Appendix A.

We have fixed the close of business on April 3, 2000 as the record date for determining those stockholders of NBT entitled to vote at the NBT annual meeting and any adjournments or postponements of the meeting. Only holders of record of NBT common stock at the close of business on that date are entitled to notice of and to vote at the NBT annual meeting.

The board of directors of NBT unanimously recommends that you vote "FOR" approval of each of the nominated directors, including fixing the number of directors at twelve, ratification of the NBT Board's selection of the independent auditor, approval of the NBT Employee Stock Purchase Plan, and the issuance of NBT common stock in the merger with Pioneer American and ratification of the merger agreement, the mergers and the other matters contemplated by the merger agreement. The affirmative vote of a majority of the shares of NBT common stock present and voting and entitled to vote at the meeting is required to approve the ratification of the auditor proposal, the NBT Employee Stock Purchase Plan, and the issuance of NBT common stock in the merger with Pioneer American and the merger agreement and related matters. A plurality of the NBT shares present and voting and entitled to vote at the meeting is required to elect the nominated directors.

The board of directors of NBT requests that you fill in and sign the enclosed proxy card and mail it promptly in the accompanying postage-prepaid envelope. You may revoke any proxy that you deliver prior to the NBT meeting by delivering a written notice to NBT stating that you have revoked your proxy or by delivering a later dated proxy. Stockholders of record of NBT common stock who attend the NBT meeting may vote in person, even if they have previously delivered a signed proxy.

By Order of the Board of Directors of
NBT Bancorp Inc.
/s/ Daryl R. Forsythe

Daryl R. Forsythe
President and Chief Executive Officer

Norwich, New York
April 5, 2000

PIONEER AMERICAN HOLDING COMPANY CORP.

41 NORTH MAIN STREET

CARBONDALE, PENNSYLVANIA 18407

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Pioneer American Holding Company Corp., a Pennsylvania corporation, will hold a special meeting of stockholders at Heart Lake Lodge, 1299 Heart Lake Road, Jermyn, Pennsylvania on May 16, 2000 at 10:00 a.m. local time for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of December 7, 1999, and amended as of March 7, 2000, by and between Pioneer American and NBT Bancorp Inc., a Delaware corporation, and to approve the merger and other transactions described in the merger agreement; and
2. To transact such other business as may properly come before the Pioneer American special meeting.

We describe more fully the merger and related matters and transactions in the attached joint proxy statement/prospectus, which includes as Appendix A a copy of the merger agreement.

We have fixed the close of business on March 24, 2000 as the record date for determining the stockholders of Pioneer American entitled to vote at the Pioneer American special meeting and any adjournments or postponements of the meeting. Only holders of record of Pioneer American common stock at the close of business on that date are entitled to notice of and to vote at the Pioneer American special meeting.

The board of directors of Pioneer American recommends that you vote "FOR" approval of the merger agreement, the merger and the other matters contemplated by the merger agreement. The affirmative vote of seventy percent of the outstanding shares of Pioneer American common stock entitled to vote at the meeting is required to approve the merger agreement and related matters. Pioneer American stockholders have a right to dissent to the merger agreement and to obtain payment in cash of the fair value of their Pioneer American shares by complying with the procedures described in the accompanying joint proxy statement/prospectus.

The board of directors of Pioneer American requests that you fill in and sign the enclosed proxy card and mail it promptly in the accompanying postage-prepaid envelope. You may revoke any proxy that you deliver prior to the Pioneer American special meeting by delivering a writing to Pioneer American stating that you have revoked the proxy or by delivering a later dated proxy. Stockholders of record of Pioneer American common stock who attend the Pioneer American meeting may vote in person, even if they have previously delivered a signed proxy.

By Order of the Board of Directors of
Pioneer American Holding Company Corp.

/s/ John W. Reuther

John W. Reuther
President and Chief Executive Officer

Carbondale, Pennsylvania
April 5, 2000

QUESTIONS AND ANSWERS ABOUT THE MERGER AND RELATED TRANSACTIONS

Q: WHAT DO I NEED TO DO NOW?

A: After you have carefully read this joint proxy statement/prospectus, just indicate on your proxy card how you want your shares to be voted, then sign, date and mail it in the enclosed postage-paid envelope as soon as possible so that your shares may be represented and voted at the NBT annual meeting or the Pioneer American special meeting.

In addition, you may attend your company's meeting in person and vote, whether or not you have signed and mailed your proxy card.

If you sign and send in your proxy and do not indicate how you want to vote, your proxy will be counted as a vote in favor of all the proposals. If you do not vote or abstain from voting, it will have the effect of a vote against the proposals (other than regarding the election of directors, where a non-vote will have no effect).

Q: IF MY SHARES ARE HELD IN "STREET NAME" BY MY BROKER, WILL MY BROKER VOTE MY SHARES FOR ME?

A: No. Your broker will vote your shares only if you provide instructions on how to vote. You should follow the directions provided by your broker. Your failure to instruct your broker to vote your shares will be the equivalent of voting against the adoption of the merger agreement.

Q: CAN I CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY CARD?

A: Yes. There are three ways for you to revoke your proxy and change your vote. First, you may send a later-dated, signed proxy card before the meeting of your company. Second, you may attend your company's meeting in person and vote. Third, you may revoke any proxy by written notice to the Chief Executive Officer of NBT or Pioneer American, as appropriate, prior to your company's meeting. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote.

Q: SHOULD I SEND IN MY STOCK CERTIFICATES NOW?

A: No. You should not send in your stock certificates at this time. NBT stockholders will not exchange their certificates in the merger. The certificates currently representing shares of NBT common stock will represent an equal number of shares of common stock of the combined company after the merger. Following the merger, NBT will mail instructions to all former Pioneer American stockholders for exchanging their stock certificates.

Q: WHEN DO YOU EXPECT TO MERGE?

A: We are working towards completing the merger as quickly as possible. We expect to complete the merger in the second quarter of 2000.

Q: WHOM SHOULD I CALL WITH QUESTIONS OR TO OBTAIN ADDITIONAL COPIES OF THIS JOINT PROXY STATEMENT/PROSPECTUS?

NBT Bancorp Inc.
52 South Broad Street
Norwich, New York 13815
Attention: Michael J. Chewens, CPA
Phone Number: (607) 337-6520

Pioneer American Holding Company Corp.
41 North Main Street
Carbondale, Pennsylvania 18407
Attention: Patricia A. Cobb, Esq.
Phone Number: (570) 282-8045

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SUMMARY

This brief summary does not contain all of the information that is important to you. You should carefully read this entire document and the documents to which we have referred you to fully understand the merger. See "Where You Can Find More Information" on page 115.

THE MERGER

WHAT PIONEER AMERICAN STOCKHOLDERS WILL RECEIVE AS A RESULT OF THE MERGER (SEE PAGE 62)

Pioneer American stockholders will receive 1.805 shares of NBT common stock for each share of Pioneer American common stock that they own.

The merger agreement provides for adjustment of the exchange ratio:

- o either upwards or downwards if a stock dividend, split-up, merger, recapitalization, combination, conversion, exchange of shares or similar transaction occurs with respect to either NBT common stock or Pioneer American common stock; or
- o upwards but not downwards if:
 - (1) the price of a share of NBT common stock declines below \$15.00, and
 - (2) the NBT stock price decline, expressed as a percentage, is more than 15 percentage points greater than the weighted average stock price decline of the index group, and
 - (3) Pioneer American exercises its right to terminate the merger as a result of NBT's price decline, subject to NBT's right to require Pioneer American to complete the merger if NBT increases the exchange ratio as provided in the merger agreement, and
 - (4) NBT elects to increase the exchange ratio in that manner.

See "The Issuance of NBT Common Stock in the Merger and Ratification of the Merger Agreement -- Termination and Termination Fees -- Termination Upon a Decline in the Value of NBT Common Stock" for a more comprehensive discussion of this termination provision and examples of possible alternative exchange ratios.

We will not issue fractional shares of NBT common stock in the merger. Any Pioneer American common stockholder who would otherwise be entitled to receive a fraction of a share of NBT common stock will instead receive cash for such fractional share.

Pioneer American stockholders should not send in their stock certificates for exchange until instructed to do so after we complete the merger (see page 81).

NBT STOCKHOLDERS WILL NOT EXCHANGE THEIR NBT SHARES

Stockholders of NBT will continue to own their existing shares after the merger.

OWNERSHIP OF COMBINED COMPANY FOLLOWING THE MERGER

As a result of the merger, the former Pioneer American stockholders will own approximately 22% of the outstanding common stock of NBT, assuming no Pioneer American stockholder exercises dissenters' rights. The stockholders of NBT will own approximately 78% of the outstanding stock of NBT.

INCLUSION OF SHARES OF NBT STOCK FOR TRADING ON THE NASDAQ NATIONAL MARKET (SEE PAGE 80)

NBT will list the shares of common stock to be issued to Pioneer American common stockholders in the merger on the Nasdaq National Market. After the merger, NBT will deregister the Pioneer American common stock for purposes of the Securities Exchange Act of 1934.

NBT PLANS TO CONTINUE ITS DIVIDEND POLICY FOLLOWING THE MERGER (SEE PAGE 80)

The current annualized rate of cash dividends on the shares of NBT common stock is \$0.68 per share. After the merger, NBT expects that it will continue to pay quarterly cash dividends in a manner that is consistent with its past practices, subject to approval and declaration by its board. The payment of cash dividends by NBT in the future will depend on its financial condition and earnings, business conditions and other factors.

COMPARISON OF PIONEER AMERICAN STOCKHOLDERS' RIGHTS BEFORE AND AFTER THE MERGER (SEE PAGE 102)

We have summarized below the material differences in the rights of the stockholders of Pioneer American and NBT. After the merger, Pioneer American stockholders will have the same rights as NBT stockholders.

NBT BANCORP INC.

NBT is a Delaware corporation and the rights of its stockholders are generally subject to the corporate law of Delaware.

Under NBT's bylaws, NBT stockholders have the right to call a special stockholders' meeting at the written request of at least 50% of all shares entitled to vote at the meeting.

NBT's Certificate of Incorporation and Delaware law limit the ability of a Delaware corporation to enter into a business combination with an interested stockholder and require an 80% vote of the outstanding NBT shares to accomplish such transactions.

Under Delaware law, NBT stockholders may have appraisal rights to dissent from a statutory merger or consolidation and obtain the fair value in cash of their of NBT common stock, depending upon the type of consideration they receive in exchange for their shares. No appraisal or dissenters' rights are available to NBT stockholders in the merger.

PIONEER AMERICAN HOLDING COMPANY CORP.

Pioneer American is a Pennsylvania corporation and the rights of its stockholders are generally subject to the corporate law of Pennsylvania.

Under Pioneer American's bylaws, special meetings of the shareholders may be called at any time by the Board of Directors or by any three or more shareholders entitled to cast at least twenty-five (25%) of the vote which all shareholders are entitled to cast at a particular meeting.

The Pioneer American Articles of Incorporation require a 70% vote of the stockholders to approve any merger or consolidation, liquidation or dissolution, or any sale or other disposition of all or substantially all of the assets of the corporation. Moreover, Pennsylvania law restricts business combinations with interested stockholders.

Under Pennsylvania law, Pioneer American stockholders have dissenters' rights to dissent from a merger, consolidation, a sale, lease, exchange or shares disposition of all or substantially all of the property or assets of a Pennsylvania corporation, or for other fundamental changes in the corporation and to obtain the fair value in cash of their shares of Pioneer American common stock.

TRANSACTION GENERALLY TAX-FREE TO PIONEER AMERICAN STOCKHOLDERS (SEE PAGE 98)

Pioneer American Stockholders. We expect the merger to be tax-free to Pioneer American stockholders who receive shares of NBT common stock. Cash received by Pioneer American stockholders instead of fractional shares in the merger generally will be taxable.

NBT Stockholders. Neither NBT nor its stockholders will recognize gain or loss as a result of the merger.

NBT and Pioneer American will have no obligation to complete the merger unless we receive a legal opinion that the merger will qualify as a transaction that is generally tax-free for federal income tax purposes. In that case, the federal income tax treatment of the merger will be as we have described it above. The legal opinion will not bind the Internal Revenue Service, however, which could take a different view.

PIONEER AMERICAN STOCKHOLDERS WILL HAVE DISSENTERS' RIGHTS (SEE PAGES 80 AND 112)

Pioneer American. Under Pennsylvania law, the Pioneer American stockholders have dissenters' rights to the payment in cash of the fair value of their shares of Pioneer American common stock in connection with the merger. TO PERFECT THEIR DISSENTERS' RIGHTS, HOLDERS OF THESE SHARES OF PIONEER AMERICAN COMMON STOCK MUST FOLLOW REQUIRED STATUTORY PROCEDURES, INCLUDING FILING NOTICES WITH PIONEER AMERICAN, AND EITHER ABSTAINING OR VOTING AGAINST THE MERGER AGREEMENT AND THE MERGER. If you hold shares of Pioneer American common stock and you dissent from the merger agreement and the merger and follow the required procedures, your shares of Pioneer American common stock will not become shares of NBT common stock upon completion of the merger. Instead, your only right will be to receive the value of your shares in cash. We have attached the applicable provisions of Pennsylvania law related to dissenters' rights to this joint proxy statement/prospectus as Appendix D.

NBT. Under Delaware law, the NBT stockholders will not have dissenters' rights or appraisal rights in connection with the merger.

BOARD OF DIRECTORS AND MANAGEMENT OF THE COMBINED COMPANY FOLLOWING THE MERGER (SEE PAGE 92)

In connection with the merger, the size of the NBT Board will increase from twelve directors to fifteen directors. Three individuals who are presently directors of Pioneer American will serve on the NBT Board following the merger.

After the merger, the current executive officers of NBT will continue to hold the same offices. NBT intends that Mr. John W. Reuther, the current President and Chief Executive Officer of Pioneer American and its subsidiary, Pioneer American Bank, continue to function as President and Chief Executive Officer of the subsidiary bank until such time as NBT merges Pioneer American Bank into the successor entity which will include all of the northeastern Pennsylvania operations, at which time Mr. Reuther will become President and Chief Operating Officer of that successor wholly-owned subsidiary of NBT.

COMPARATIVE PER SHARE MARKET PRICE INFORMATION (SEE PAGE 99)

Shares of NBT common stock trade on the Nasdaq National Market. The shares of Pioneer American common stock trade in the over-the-counter market, and the trades of Pioneer American common stock are reported on the Nasdaq bulletin board. On December 7, 1999, the last full trading day prior to the public announcement of the signing of the merger agreement, and on March 27, 2000, the last trading day prior to the printing of this document, the closing prices of NBT common stock and Pioneer American common stock were as follows:

	DECEMBER 7, 1999	March 27, 2000
	-----	-----
NBT.....	\$16.25	\$14.25
Pioneer American	\$27.75	\$22.25
Equivalent Market Value Per Share of Pioneer American.....	\$29.33	\$25.72

The market prices of NBT common stock and Pioneer American common stock will fluctuate prior to the merger in the normal course of trading on a day-to-day basis. You should obtain current stock price quotations for NBT common stock and Pioneer American common stock. You can get these quotations from a newspaper, on the Internet, or by calling your broker.

OUR FINANCIAL ADVISORS BELIEVE THE EXCHANGE RATIO IS FAIR TO STOCKHOLDERS (SEE PAGES 63 AND 69)

NBT. NBT received an opinion from McConnell, Budd & Downes, Inc., its financial advisor, to the effect that as of the date of such opinion the exchange ratio was fair to the stockholders of NBT from a financial point of view. McConnell, Budd & Downes subsequently affirmed its opinion as of the date of this joint proxy statement/prospectus. We attach a copy of the McConnell, Budd & Downes opinion as Appendix B.

Pioneer American. Pioneer American received an opinion from Danielson Associates Inc., its financial advisor, to the effect that the financial consideration which Pioneer American stockholders will receive in the merger was fair to the Pioneer American stockholders from a financial point of view. We attach the written opinion of Danielson as Appendix C to this joint proxy statement/prospectus.

We recommend that each NBT stockholder and each Pioneer American stockholder read each opinion carefully in their entirety to understand the assumptions made, matters considered, and limitations on review undertaken by each financial advisor.

WE EXPECT "POOLING OF INTERESTS" ACCOUNTING TREATMENT (SEE PAGE 79)

We expect the merger to qualify as a "pooling of interests." This means that, for accounting and financial reporting purposes, we will treat our companies as if they had always been one company. We will not be required to complete the merger unless we receive a letter from our independent auditor stating that the merger qualifies for pooling of interests accounting treatment.

WHEN WE EXPECT THE MERGER TO CLOSE (SEE PAGE 55)

We expect completion of the merger as soon as practicable following approval of the merger by the stockholders of NBT and Pioneer American at their respective stockholders meetings and satisfaction of all other conditions to the merger. We anticipate completion of the merger during the second quarter of 2000.

OUR REASONS FOR THE MERGER

NBT. We recommend the merger because:

- o the merger will permit NBT to diversify its operations by broadening its operations in Pennsylvania beyond the market area of LA Bank, which NBT acquired in February, 2000
- o the merger will afford NBT an opportunity to expand the delivery of its financial services, especially its trust services, to a broader and more disparate customer base
- o the financial resources of the combined company following the merger will permit NBT to broaden its product capabilities and services, respond to changes in the financial services industry, and compete more effectively with other financial institutions within its expanded geographical service area

- o the anticipated positive financial impact of the merger upon NBT's future financial performance will enhance stockholder return by achieving operating efficiencies and cost savings

To review the NBT Board's reasons for the merger in greater detail, see page 59.

Pioneer American. We recommend the merger because:

- o NBT offers a broader range of products and services and the merger would provide Pioneer American customers with access to these products and services without Pioneer American having to undergo the expense of introducing them on its own
- o the exchange ratio resulted in a value of \$29.33 per share or 5.7% premium to the closing price of Pioneer American common stock on December 7, 1999 and an increase of dividends per share to approximately \$.307 (\$1.228 annualized) or an increase of approximately 53.5% on December 7, 1999
- o the anticipated cost savings and efficiencies available to the combined company could result in a better return to Pioneer American stockholders

To review the Pioneer American Board's reasons for the merger in greater detail, see page 61.

WE RECOMMEND THAT NBT STOCKHOLDERS APPROVE THE STOCK ISSUANCE AND RATIFY THE MERGER AGREEMENT AND THAT PIONEER AMERICAN STOCKHOLDERS APPROVE THE MERGER AGREEMENT (SEE PAGES 59 AND 61)

NBT. The NBT Board believes that the merger is fair to you and is in your best interests, and unanimously recommends that you vote FOR the proposal to approve the issuance of NBT common stock in the merger and to ratify the merger agreement, the merger and the related matters.

Pioneer American. The Pioneer American Board believes that the merger is fair to you and is in your best interests, and unanimously recommends that you vote FOR the proposal to approve the merger agreement, the merger and the related matters.

OTHER INTERESTS OF PIONEER AMERICAN OFFICERS AND DIRECTORS IN THE MERGER (SEE PAGE 73)

Several officers and directors, who are also stockholders, of Pioneer American will receive benefits as a result of the merger that are different from, or in addition to, the benefits you will receive. These benefits include the following:

- o John W. Reuther, President and Chief Executive Officer of Pioneer American, will receive an employment agreement with NBT, following the merger;
- o some Pioneer American officers will receive change-in-control agreements with NBT, which provide for severance benefits upon termination of their employment upon a covered change in control (see "The Issuance of NBT Common Stock in the Merger and Ratification of the Merger Agreement -- Other Interests of Officers and Directors in the Merger -- Change-in-Control Agreements");
- o NBT will assume and continue in effect some retirement and insurance agreements between Pioneer American and/or Pioneer American Bank and Mr. Reuther after the merger;

- o NBT will take no action to reduce any right to indemnification provided under Pioneer American's Articles of Incorporation or bylaws existing in favor of the current or former directors or officers of Pioneer American; and
- o Following the effective time of the merger and to the extent permitted by law, all rights to such indemnification will survive, and NBT will honor such obligations with respect to events, acts, or omissions occurring prior to the merger.

COMPLETION OF THE MERGER REQUIRES SATISFACTION OF VARIOUS CONDITIONS (SEE PAGE 85)

We must satisfy a number of conditions before completion of the merger, including:

- o approval of the common stock issuance and ratification of the merger proposal by the NBT stockholders;
- o approval of the proposed merger by Pioneer American stockholders;
- o approval by government regulators;
- o authorization by Nasdaq of the inclusion on the Nasdaq National Market of the NBT common stock to be issued to Pioneer American stockholders;
- o NBT and Pioneer American receive a legal opinion regarding treatment of the merger as a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended; and
- o NBT receives a letter from its independent auditor stating that the merger qualifies for "pooling of interests" accounting treatment.

Where the law permits, NBT or Pioneer American may waive some of the conditions to the merger if it deems such a waiver to be in the best interests of its stockholders. Although we anticipate completing the merger during the second quarter of 2000, we cannot be certain when (or if) the conditions to the merger will be satisfied or when we will complete the merger.

WE MAY AMEND THE TERMS OF THE MERGER AND WAIVE SOME CONDITIONS (SEE PAGE 88)

We may jointly amend the terms of the merger, and each of us could elect to waive conditions to completion of the merger, to the extent legally permissible. However, after our stockholders approve the merger agreement and the merger, they must approve any amendment or waiver that would reduce or change the consideration that they will receive upon completion of the merger.

WE MAY DECIDE NOT TO COMPLETE THE MERGER (SEE PAGE 85)

We can agree to terminate the merger agreement at any time. In addition, either of us may terminate the merger agreement if any of the following occurs:

- o the merger is not completed by July 31, 2000;
- o a determination that the other party has materially breached the merger agreement, and has not cured the breach within the time allowed, or a determination that the representations and warranties of the other company were materially incorrect when made; or

- o a decline in the price of NBT common stock beyond the limits specified in the merger agreement and Pioneer American exercises its right to cancel the merger, subject to NBT's right to increase the exchange ratio and NBT elects not to increase the exchange ratio.

PIONEER AMERICAN HAS GRANTED NBT AN OPTION TO PURCHASE 19.9% OF ITS STOCK (SEE PAGE 77)

As a condition to NBT's willingness to enter into the merger agreement, and to discourage other companies from attempting to acquire Pioneer American, Pioneer American granted NBT an option to purchase up to 19.9% of the Pioneer American common stock outstanding immediately before the exercise of such option at an exercise price of \$24.00 per share. The option is exercisable only upon occurrence of specified events that would be ordinarily associated with an acquisition or potential acquisition of Pioneer American by a third party.

WE HAVE RECEIVED THE REQUIRED REGULATORY APPROVALS

Completion of the merger requires the approval by the Federal Reserve Board and the Pennsylvania Department of Banking. The U.S. Department of Justice has input into this approval process. Once the Federal Reserve Board approves the merger, we have to wait at least 15 days and may have to wait for up to 30 days before we can complete the merger.

We have filed all of the required applications and notices with the Federal Reserve Board and the Pennsylvania Department of Banking. The Pennsylvania Department of Banking approved the merger on March 20, 2000, and the Federal Reserve Board approved the merger on March 30, 2000.

THE COMPANIES

NBT BANCORP INC.
52 South Broad Street
Norwich, New York 13815
(607) 337-2265

NBT, a registered bank holding company incorporated in the State of Delaware, is the parent holding company of NBT Bank, N.A., a national bank. NBT Bank is a full service commercial bank providing a broad range of financial products and services in central and northern New York. On February 17, 2000, NBT completed its acquisition of Lake Ariel Bancorp, Inc., the parent holding company of LA Bank, National Association. Upon completion of the merger, LA Bank became a wholly-owned subsidiary of NBT. LA Bank provides commercial banking products and services in northeastern Pennsylvania. The following financial information reflects the merger of NBT and Lake Ariel on a pooled basis. In fiscal year 1999, NBT's net income was \$22.2 million while in fiscal year 1998, NBT's net income was \$22.9 million. As of December 31, 1999, NBT's total assets were approximately \$2.0 billion, total deposits were approximately \$1.5 billion and stockholders' equity was approximately \$159.9 million.

PIONEER AMERICAN HOLDING COMPANY CORP.
41 North Main Street
Carbondale, Pennsylvania 18407
(570) 282-2662

Pioneer American, a registered bank holding company incorporated in the Commonwealth of Pennsylvania, is the parent holding company of Pioneer American Bank, National Association. Pioneer American Bank provides

commercial banking products and services in northeastern Pennsylvania. In fiscal year 1999, Pioneer American's net income was \$4.1 million while in fiscal year 1998, Pioneer American's net income was \$4.0 million. As of December 31, 1999, Pioneer American's total assets were approximately \$418.8 million, total deposits were approximately \$299.5 million and stockholders' equity was approximately \$31.6 million. We enclose with this joint proxy statement/prospectus a copy of Pioneer American's annual report on SEC Form 10-K for the year ended December 31, 1999.

THE STOCKHOLDERS' MEETINGS

NBT. NBT will hold its annual meeting of stockholders at the Holiday Inn Arena, 2-8 Hawley Street, Binghamton, New York on May 16, 2000 at 2:00 p.m. local time. At the NBT annual meeting, NBT stockholders will consider and vote upon the following proposals:

1. A proposal to fix the number of directors at twelve and to elect the six candidates listed as nominees in this joint proxy statement/prospectus;
2. A proposal to ratify the NBT Board's action of the selection of KPMG LLP as NBT's independent auditor for the year 2000;
3. A proposal to approve the NBT Employee Stock Purchase Plan; and
4. A proposal to approve the issuance of NBT common stock in the merger and to ratify the merger agreement, which will approve the merger and the following actions described in the merger agreement:
 - o Pioneer American will merge with an NBT subsidiary, with Pioneer American being the surviving corporation;
 - o Pioneer American will thereafter merge with and into NBT, with NBT being the surviving corporation;
 - o Pioneer American Bank will become a wholly-owned subsidiary of NBT or part of the northeastern Pennsylvania operations of any successor entity to Pioneer American Bank;
 - o NBT will issue approximately 5.2 million shares of its common stock to the stockholders of Pioneer American in the merger; and
 - o Following the merger, the NBT Board will expand from twelve to fifteen members to include three directors from the current Pioneer American Board.

Only holders of record of NBT common stock at the close of business on April 3, 2000, which is the record date for the NBT annual meeting, will be entitled to vote at the NBT annual meeting and any adjournments or postponements of the meeting. You can cast one vote for each share of NBT common stock that you owned on the record date for each matter proposed at the NBT annual meeting.

Approval of the proposal to ratify the NBT Board's selection of NBT's independent auditor requires the approval by the holders of a majority of the shares of NBT common stock present and voting and entitled to vote at the annual meeting. Election of the directors nominated by the NBT Board requires the approval of a plurality of the shares of NBT common stock present and voting and entitled to vote at the annual meeting. Approval of NBT's issuance of its common stock to the Pioneer American stockholders in the merger and ratification of the merger

agreement and completion of the merger require, among other things, approval by the holders of a majority of the shares of NBT common stock present and voting and entitled to vote at the NBT annual meeting.

As of December 31, 1999, directors and executive officers of NBT and their affiliates were the beneficial owners of approximately 5.66% of the outstanding shares of NBT common stock, and a total of 13,097,996 shares of NBT common stock were eligible to be voted at the NBT annual meeting. Following the merger of NBT and Lake Ariel, the directors and executive officers of NBT owned approximately 7.59% of the 18,100,868 outstanding shares of NBT common stock. These directors and executive officers have indicated their intention to vote their shares of NBT common stock in favor of the election of the directors nominated by the NBT Board, ratification of the NBT Board's selection of the independent auditor, and the issuance of the NBT common stock in the merger and ratification of the merger agreement.

Pioneer American. Pioneer American will hold its special meeting of stockholders at Heart Lake Lodge, 1299 Heart Lake Road, Jermyrn, Pennsylvania on May 16, 2000 at 10:00 a.m. local time. At the Pioneer American special meeting, Pioneer American stockholders will vote upon a proposal to approve the merger agreement, the merger and the other matters contemplated by the merger agreement.

Only holders of record of Pioneer American common stock at the close of business on March 24, 2000, which is the record date for the Pioneer American special meeting, will be entitled to vote at the Pioneer American special meeting and any adjournments or postponements of the meeting. You can cast one vote for each share of Pioneer American common stock that you owned on the record date.

Approval of the merger agreement and completion of the merger require, among other things, approval by the holders of seventy percent of the outstanding shares of Pioneer American common stock entitled to vote.

As of December 31, 1999, directors and executive officers of Pioneer American and their affiliates were the beneficial owners of approximately 16.84% of the outstanding shares of Pioneer American common stock, and a total of 2,864,307 shares of Pioneer American common stock were eligible to be voted at the Pioneer American special meeting. These directors and executive officers of Pioneer American have indicated their intention to vote their shares of Pioneer American common stock in favor of the merger agreement.

Thirteen stockholders of Pioneer American, eleven of whom are officers and/or directors of Pioneer American, have agreed individually that they will vote in favor of the merger agreement and the merger all shares of Pioneer American common stock they beneficially own and that they will use their best efforts to cause any other shares of Pioneer American common stock over which they share voting power to be voted in favor of the merger agreement and the merger. The number of shares subject to these agreements aggregate 550,606 shares or approximately 19.23% of the outstanding common stock of Pioneer American.

YOU MAY CHANGE YOUR VOTE IF YOU WISH

You may change your vote at any time before the voting of your proxy at the stockholders' meeting. You can change your vote in any of the following ways:

- o You can send a written notice dated after your proxy stating that you would like to revoke your proxy. If you are an NBT stockholder, you should send your written notice to the Chief Executive Officer of NBT at the address below. If you are a Pioneer American stockholder, you should send your written notice to the Chief Executive Officer of Pioneer American at the address below;
- o You can complete a new proxy card and send it to NBT or Pioneer American, and the new proxy card will automatically replace any earlier dated proxy card that you previously returned; or

- o You can attend your stockholders' meeting and vote in person. Attending the special meeting will not by itself revoke your proxy.

You should send any written notice of revocation, request for a new proxy card or a completed new proxy card to NBT Bancorp Inc. at 52 South Broad Street, Norwich, New York 13815, Attention: Chief Executive Officer, if you are an NBT stockholder; or Pioneer American Holding Company Corp. at 41 North Main Street, Carbondale, Pennsylvania 18407, Attention: Chief Executive Officer, if you are a Pioneer American stockholder.

ADDITIONAL INFORMATION

If you have questions about the merger or would like additional copies of this joint proxy statement/prospectus, you should contact:

For NBT Stockholders:

NBT Bancorp Inc.
52 South Broad Street
Norwich, New York 13815
Attention: Michael J. Chewens, CPA
Phone Number: (607) 337-6520

For Pioneer American Stockholders:

Pioneer American Holding Company Corp.
41 North Main Street
Carbondale, Pennsylvania 18407
Attention: Patricia A. Cobb, Esq.
Phone Number: (570) 282-8045

SELECTED HISTORICAL AND PRO FORMA COMBINED FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE INFORMATION)

The following tables set forth selected historical financial data for NBT and Pioneer American, and selected unaudited pro forma combined financial data for the combined company. The financial information for NBT has been restated to include the effects of the merger with Lake Ariel Bancorp, Inc., which was consummated on February 17, 2000 and has been accounted for as a pooling of interests. We have derived the selected historical financial data from the consolidated financial statements of NBT and Pioneer American and the supplemental consolidated financial statements of NBT, which statements have been incorporated by reference into this document. NBT has filed a Current Report on Form 8-K with the SEC which contains supplemental consolidated financial statements of NBT as of December 31, 1999 and 1998 and for each of the years in the three year period ended December 31, 1999 which have been restated to include the effects of the Lake Ariel merger. Stockholders of each of NBT and Pioneer American should read this information in conjunction with the historical financial statements and related notes of each of NBT and Pioneer American and the unaudited pro forma consolidated financial statements and related notes of NBT presented on pages 117 through 123. The NBT and Pioneer American combined results of operations give effect to NBT's proposed acquisition of Pioneer American as a pooling of interests, as if such transaction had been completed as of the beginning of each of the periods presented.

The pro forma period-end balance sheet information reflects estimated non-recurring charges that will be incurred in connection with the mergers. The combined company expects to achieve certain merger benefits in the form of operating expense reductions and revenue enhancements. The pro forma information does not reflect potential operating expense reductions or revenue enhancements that are expected to result from the merger, and therefore may not be indicative of the results of future operations. No assurance can be given with respect to the ultimate level of operating expense reductions or revenue enhancements. Accordingly, the unaudited selected pro forma combined financial data of the combined company as of the effective time and thereafter may be materially different from the data reflected in the pro forma information below.

NBT BANCORP INC.
SELECTED FINANCIAL DATA

(in thousands, except per share data)

	1999	1998	1997	1996	1995
	----	----	----	----	----
FOR PERIOD ENDED					
Interest and fee income	\$ 135,389	\$ 130,300	\$ 120,831	\$ 104,662	\$ 95,948
Interest expense	60,582	60,417	56,047	46,548	44,354
Net interest income	74,807	69,883	64,784	58,114	51,594
Provision for loan losses	5,070	5,729	4,285	3,825	2,363
Noninterest income excluding securities gains (losses)	14,705	13,857	11,590	10,346	9,107
Securities gains (losses)	1,716	1,056	(123)	1,222	476
Noninterest expense	51,500	50,580	44,380	42,419	40,787
Income before income taxes	34,658	28,487	27,586	23,438	18,027
Net income	22,175	22,873	18,180	15,210	11,636
PER COMMON SHARE*					
Basic earnings	\$ 1.24	\$ 1.27	\$ 1.06	\$ 0.90	\$ 0.67
Diluted earnings	\$ 1.23	\$ 1.25	\$ 1.05	\$ 0.89	\$ 0.67
Cash dividends paid	\$ 0.656	\$ 0.587	\$ 0.421	\$ 0.338	\$ 0.292
Stock dividends distributed	5%	5%	5%	5%	5%
Book value at period-end	\$ 8.91	\$ 9.45	\$ 8.84	\$ 7.60	\$ 7.48
Tangible book value at period-end	\$ 8.43	\$ 8.90	\$ 8.33	\$ 6.96	\$ 6.79
Average common shares outstanding	17,851	17,976	17,095	16,903	17,328
Average diluted common shares outstanding	18,095	18,361	17,393	16,995	17,390
PERIOD ENDED					
Assets available for sale	\$ 524,090	\$ 452,875	\$ 512,013	\$ 442,226	\$ 463,882
Securities held to maturity	78,213	135,992	83,455	60,665	52,628
Loans	1,222,654	1,051,506	945,206	832,098	738,943
Allowance for loan losses	16,654	15,322	13,691	12,303	10,777
Assets	1,961,432	1,764,698	1,648,658	1,436,892	1,358,125
Deposits	1,477,618	1,356,947	1,294,633	1,169,515	1,081,791
Short-term borrowings	137,567	99,872	134,727	88,544	121,345
Long-term debt	172,575	125,611	47,839	40,218	18,168
Stockholders' equity	159,874	168,572	159,158	127,436	127,553
AVERAGE BALANCES					
Assets	\$ 1,844,635	\$1,717,543	\$ 1,572,709	\$1,387,922	\$1,293,300
Earning assets	1,738,603	1,612,888	1,480,874	1,297,338	1,207,411
Loans	1,128,060	996,349	893,236	787,585	727,618

Note: Dividends per share represent historical dividends of stand alone NBT.

NBT BANCORP INC.
 SELECTED FINANCIAL DATA

(in thousands, except per share data)

	1999 ----	1998 ----	1997 ----	1996 ----	1995 ----
Deposits	1,389,211	1,318,481	1,241,753	1,150,158	1,055,580
Stockholders' equity	164,623	164,661	136,206	123,482	119,142
KEY RATIOS					
Return on average assets	1.20%	1.33%	1.16%	1.10%	0.90%
Return on average equity	13.47%	13.89%	13.35%	12.32%	9.77%
Average equity to average assets	8.92%	9.59%	8.66%	8.90%	9.21%
Net interest margin	4.44%	4.44%	4.49%	4.60%	4.38%
Efficiency	56.06%	59.63%	57.03%	60.60%	65.76%
Cash dividend per share payout	53.33%	46.96%	40.10%	37.98%	43.58%
Tier 1 leverage	8.74%	8.90%	9.20%	8.46%	8.57%
Tier 1 risk-based capital	13.63%	14.54%	15.36%	13.59%	14.73%
Total risk-based capital	14.78%	15.71%	16.56%	14.79%	15.95%

*All share and per share data has been restated to give retroactive effect to stock dividends and splits.

PIONEER AMERICAN HOLDING COMPANY CORP.
SELECTED FINANCIAL DATA

(in thousands, except per share data)

	1999	1998	1997	1996	1995
	----	----	----	----	----
FOR PERIOD ENDED					
Interest and fee income	\$ 29,389	\$ 28,302	\$ 26,507	\$ 24,358	\$ 23,662
Interest expense	14,898	14,319	12,845	10,874	11,227
Net interest income	14,491	13,983	13,662	13,484	12,435
Provision for loan losses	370	420	535	500	420
Noninterest income excluding securities gains (losses)	2,743	2,450	2,304	2,012	1,448
Securities gains (losses)	88	511	157	--	465
Noninterest expense	11,382	10,967	10,080	9,749	9,075
Income before income taxes	5,570	5,557	5,508	5,247	4,853
Net income	4,082	4,022	4,008	3,704	3,483
PER COMMON SHARE*					
Basic earnings	\$ 1.41	\$ 1.39	\$ 1.41	\$ 1.32	\$ 1.25
Diluted earnings	\$ 1.39	\$ 1.36	\$ 1.36	\$ 1.26	\$ 1.20
Cash dividends paid	\$ 0.800	\$ 0.770	\$ 0.720	\$ 0.660	\$ 0.600
Stock dividends distributed	--	--	--	--	--
Book value at period-end	\$ 11.03	\$ 12.21	\$ 11.67	\$ 10.70	\$ 10.23
Tangible book value at period-end	\$ 10.84	\$ 12.01	\$ 11.45	\$ 10.46	\$ 9.97
Average common shares outstanding	2,902	2,894	2,850	2,812	2,783
Average diluted common shares outstanding	2,929	2,953	2,939	2,932	2,906
PERIOD ENDED					
Assets available for sale	\$ 112,134	\$ 101,079	\$ 96,696	\$ 76,019	\$ 68,328
Securities held to maturity	36,612	46,178	37,379	20,860	26,033
Loans	244,213	225,735	212,342	204,048	197,297
Allowance for loan losses	3,057	2,909	2,759	2,750	2,742
Assets	418,775	405,157	370,126	330,213	320,647
Deposits	299,473	307,360	293,643	295,946	288,252
Short-term borrowings	4,700	--	2,350	--	--
Long-term debt	79,395	58,357	37,073	275	275
Stockholders' equity	31,598	35,466	33,398	30,263	28,492
AVERAGE BALANCES					
Assets	\$ 423,487	\$ 394,312	\$ 358,608	\$ 326,494	\$ 315,387
Earning assets	395,513	367,205	332,618	301,788	293,109
Loans	238,238	221,484	205,731	207,030	188,816
Deposits	306,395	296,285	298,844	291,883	282,154

PIONEER AMERICAN HOLDING COMPANY CORP.
 SELECTED FINANCIAL DATA

(in thousands, except per share data)

	1999	1998	1997	1996	1995
	----	----	----	----	----
Stockholders' equity	34,436	33,877	31,379	29,017	27,024
KEY RATIOS					
Return on average assets	0.96%	1.02%	1.12%	1.13%	1.10%
Return on average equity	11.85%	11.87%	12.77%	12.76%	12.89%
Average equity to average assets	8.13%	8.59%	8.75%	8.89%	8.57%
Net interest margin	3.82%	3.96%	4.27%	4.59%	4.39%
Efficiency	63.70%	64.54%	61.04%	61.40%	63.40%
Cash dividend per share payout	57.55%	56.62%	52.94%	52.38%	50.00%
Tier 1 leverage	8.11%	8.41%	8.57 %	8.96%	8.75%
Tier 1 risk-based capital	14.56%	15.35%	15.80%	15.28%	15.57%
Total risk-based capital	15.81%	16.60%	17.05%	16.53%	16.82%

*All share and per share data has been restated to give retroactive effect to stock dividends and splits.

PRO FORMA COMBINED
SELECTED FINANCIAL DATA

(in thousands, except per share data)

	1999	1998	1997	1996	1995
	----	----	----	----	----
FOR PERIOD ENDED					
Interest and fee income	\$ 164,778	\$ 158,602	\$ 147,338	\$ 129,020	\$ 119,610
Interest expense	75,480	74,736	68,892	57,422	55,581
Net interest income	89,298	83,866	78,446	71,598	64,029
Provision for loan losses	5,440	6,149	4,820	4,325	2,783
Noninterest income excluding securities gains (losses)	17,448	16,307	13,894	12,358	10,555
Securities gains (losses)	1,804	1,567	34	1,222	941
Noninterest expense	62,882	61,547	54,460	52,168	49,862
Income before income taxes	40,228	34,044	33,094	28,685	22,880
Net income	26,257	26,895	22,188	18,914	15,119
PER COMMON SHARE*					
Basic earnings	\$ 1.14	\$ 1.16	\$ 1.00	\$ 0.86	\$ 0.68
Diluted earnings	\$ 1.12	\$ 1.14	\$ 0.98	\$ 0.85	\$ 0.67
Cash dividends paid	\$ 0.656	\$ 0.587	\$ 0.421	\$ 0.338	\$ 0.292
Stock dividends distributed	5%	5%	5%	5%	5%
Book value at period-end	\$ 7.89	\$ 8.84	\$ 8.31	\$ 7.21	\$ 7.07
Tangible book value at period-end	\$ 7.50	\$ 8.39	\$ 7.89	\$ 6.69	\$ 6.50
Average common shares outstanding	23,089	23,199	22,239	21,979	22,353
Average diluted common shares outstanding	23,382	23,691	22,698	22,287	22,636
PERIOD ENDED					
Assets available for sale	\$ 636,224	\$ 553,954	\$ 608,709	\$ 518,245	\$ 532,210
Securities held to maturity	114,825	182,170	120,834	81,525	78,661
Loans	1,466,867	1,277,241	1,157,548	1,036,146	936,240
Allowance for loan losses	19,711	18,231	16,450	15,053	13,519
Assets	2,383,507	2,169,855	2,018,784	1,767,105	1,678,772
Deposits	1,777,091	1,664,307	1,588,276	1,465,461	1,370,043
Short-term borrowings	142,267	99,872	137,077	88,544	121,345
Long-term debt	251,970	183,968	84,912	40,493	18,443
Stockholders' equity	182,472	204,038	192,556	157,699	156,045
AVERAGE BALANCES					
Assets	\$ 2,268,122	\$ 2,111,855	\$ 1,931,317	\$ 1,714,416	\$1,608,687
Earning assets	2,134,116	1,980,093	1,813,492	1,599,126	1,500,520
Loans	1,366,298	1,217,833	1,098,967	994,615	916,434
Deposits	1,695,606	1,614,766	1,540,597	1,442,041	1,337,734
Stockholders' equity	199,059	198,538	167,585	152,499	146,166
KEY RATIOS					
Return on average assets	1.16%	1.27%	1.15%	1.10%	0.94%
Return on average equity	13.19%	13.55%	13.24%	12.40%	10.34%
Average equity to average assets	8.78%	9.40%	8.68%	8.90%	9.09%

PRO FORMA COMBINED
SELECTED FINANCIAL DATA

(in thousands, except per share data)

	1999	1998	1997	1996	1995
	----	----	----	----	----
Net interest margin	4.32%	4.35%	4.45%	4.60%	4.38%
Efficiency	57.31%	60.45%	57.73%	60.75%	65.31%
Cash dividend per share payout	58.57%	51.49%	42.96%	39.76%	43.58%
Tier 1 leverage	8.63%	8.81%	9.08%	8.55%	8.61%
Tier 1 risk-based capital	13.78%	14.68%	15.44%	13.90%	14.89%
Total risk-based capital	14.95%	15.87%	16.64%	15.11%	16.11%

*All share and per share data has been restated to give retroactive effect to stock dividends and splits.

UNAUDITED COMPARATIVE PER SHARE DATA

We have summarized below the per common share combined information for NBT and Pioneer American on an historical and pro forma combined and pro forma equivalent basis. The financial information for NBT has been restated to include the effects of the merger with Lake Ariel Bancrop, Inc., which was consummated on February 17, 2000 and has been accounted for as a pooling of interests. The pro forma information gives effect to the merger with Pioneer American accounted for as a pooling of interests, on the assumption that our companies had always been combined for accounting and financial reporting purposes. In presenting the pro forma information for the time periods shown in the table, we assumed that we had been merged throughout those periods. You should read this information in conjunction with our historical financial statements and related notes and the supplemental consolidated financial statements of NBT and related notes, which have been restated to include the effects of the Lake Ariel merger, contained in the reports and other information that we have filed with the SEC. See "Where You Can Find More Information." You should also read this information in conjunction with the pro forma combined financial information set forth under the heading "Unaudited Pro Forma Combined Financial Statements." You should not rely on the pro forma information as being indicative of the results that we will achieve after the merger.

The combined company unaudited pro forma data represent the effect of the merger on a share of NBT common stock. The Pioneer American pro forma equivalent data represent the combined company pro forma data before rounding, multiplied by the conversion ratio of 1.805 shares of NBT common stock for each share of Pioneer American common stock, and thereby reflect the effect of the merger on a share of Pioneer American common stock.

	HISTORICAL		PRO FORMA	
	NBT BANCORP	PIONEER AMERICAN	COMBINED COMPANY	PIONEER AMERICAN EQUIVALENT
Per Common Share				
BASIC EARNINGS				
Year - Ended:				
December 31, 1999	\$1.24	\$1.41	\$1.14	\$2.06
December 31, 1998	1.27	1.39	1.16	2.09
December 31, 1997	1.06	1.41	1.00	1.81
DILUTED EARNINGS				
Year - Ended:				
December 31, 1999	1.23	1.39	1.12	2.02
December 31, 1998	1.25	1.36	1.14	2.06
December 31, 1997	1.05	1.36	0.98	1.77
CASH DIVIDEND PAID				
Year - Ended:				
December 31, 1999	0.656	0.800	0.656	1.184
December 31, 1998	0.587	0.770	0.587	1.060
December 31, 1997	0.421	0.720	0.421	0.760
BOOK VALUE				
As of:				
December 31, 1999	8.91	11.03	7.89	14.24
December 31, 1998	9.45	12.21	8.84	15.96
TANGIBLE BOOK VALUE				
As of:				
December 31, 1999	8.43	10.84	7.50	13.54
December 31, 1998	8.90	12.01	8.39	15.14

THE STOCKHOLDERS' MEETINGS

THE NBT ANNUAL MEETING

WHEN AND WHERE THE NBT ANNUAL MEETING WILL BE HELD

NBT will hold an annual meeting of stockholders at the Holiday Inn Arena, 2-8 Hawley Street, Binghamton, New York on May 16, 2000, at 2:00 p.m. local time.

WHAT WILL BE VOTED ON AT THE NBT ANNUAL MEETING

- o In connection with the election of directors, to fix the number of directors at twelve and elect the candidates listed as nominees in the joint proxy statement/prospectus.
- o To ratify the NBT Board's action in selecting KPMG LLP as NBT's independent auditor for the year 2000.
- o To approve the NBT Employee Stock Purchase Plan.
- o To consider and vote upon the issuance of NBT common stock in the merger and ratification of the merger agreement, which will approve the merger and related actions, including the issuance of approximately 5.2 million shares of NBT common stock to the holders of Pioneer American common stock upon completion of the merger.
- o To transact such other business as may properly come before the NBT annual meeting.

We may take action on the above matters at the NBT annual meeting on May 16, 2000, or on any later date to which the annual meeting is postponed or adjourned.

The NBT Board is unaware of other matters to be voted on at the NBT annual meeting. If other matters do properly come before the NBT annual meeting, including consideration of a motion to adjourn the annual meeting to another time and/or place for such purpose of soliciting additional proxies, NBT intends that the persons named in the proxies will vote, or not vote, in their discretion the shares represented by proxies in the accompanying form. The named agents will not vote any proxy voted against approval of the merger agreement in favor of any adjournment or postponement of the NBT annual meeting for the purpose of soliciting additional proxies.

STOCKHOLDERS ENTITLED TO VOTE

NBT has set April 3, 2000 as the record date to determine which NBT stockholders will be entitled to vote at the NBT annual meeting. Only NBT stockholders who held their shares of record as of the close of business on April 3, 2000, will be entitled to receive notice of and to vote at the NBT annual meeting. As of February 29, 2000, there were 18,100,868 outstanding shares of NBT common stock. Each NBT stockholder on the record date is entitled to one vote per share, which the stockholder may cast either in person or by properly executed proxy. NBT's Certificate of Incorporation does not permit stockholders to cumulate their votes in the election of directors. At February 29, 2000, NBT's 401(k) and Employee Stock Ownership Plan owned of record 907,748 shares of NBT's common stock on behalf of the plan's employee beneficiaries, representing 5.01% of the outstanding shares of NBT's common stock.

VOTE REQUIRED TO APPROVE THE PROPOSALS

The affirmative vote, either in person or by proxy, of a majority of the NBT shares represented and voting and entitled to vote at the annual meeting is required to:

- o ratify the NBT Board's selection of NBT's independent auditor;

- o approve the NBT Employee Stock Purchase Plan;
- o issue NBT common stock in the merger;
- o ratify the merger agreement and related matters; and
- o set the number of directors at twelve.

The affirmative vote, either in person or by proxy, of a plurality of the shares of NBT common stock represented and voting and entitled to vote is required to:

- o elect the NBT nominees for director.

Abstentions on any proposal will effectively count as votes against that proposal. Broker non-votes will not affect the vote on any of the proposals to be presented at the NBT annual meeting. Accordingly, the NBT Board urges NBT stockholders to complete, date and sign the accompanying proxy and return it promptly in the enclosed postage-paid envelope.

NUMBER OF SHARES THAT MUST BE REPRESENTED FOR A VOTE TO BE TAKEN

In order to have a quorum, a majority of the total voting power of the outstanding shares of NBT's common stock entitled to vote at the NBT annual meeting must be represented in person or by proxy.

VOTING YOUR SHARES

The NBT Board is soliciting proxies from NBT stockholders. This will give you an opportunity to vote at the NBT annual meeting. When you deliver a valid proxy, the shares represented by that proxy will be voted in accordance with your instructions by a named agent. If you do not vote by proxy or attend the annual meeting and vote in person, your votes will be counted as not present for quorum purposes but otherwise will have no effect upon the proposals presented at the annual meeting. If you vote by proxy but make no specification on your proxy card that you have otherwise properly executed, the named agent will vote

- o FOR fixing the number of directors at twelve and electing the persons nominated by the NBT Board as directors,
- o FOR ratification of the NBT Board's selection of KPMG LLP as NBT's independent auditor for 2000,
- o FOR approval of the NBT Employee Stock Purchase Plan, and
- o FOR approval of the issuance of NBT common stock in the merger and ratification of the merger agreement and related matters.

You may grant a proxy by dating, signing and mailing your proxy card. You may also cast your vote in person at the meeting.

Mail. To grant your proxy by mail, please complete your proxy card and sign, date and return it in the enclosed envelope. To be valid, a returned proxy card must be signed and dated.

In person. If you attend the NBT annual meeting in person, you may vote your shares by completing a ballot at the meeting.

HOW PROXIES ARE COUNTED

We will count as present at the NBT annual meeting for purposes of determining the presence or absence of a quorum for the transaction of business at the NBT annual meeting

- o those shares of NBT common stock held by persons attending the NBT annual meeting but not voting, and
- o those shares of NBT common stock for which NBT has received proxies but with respect to which holders of those shares have abstained from voting.

Nasdaq rules prohibit brokers who hold shares of NBT common stock in nominee or "street name" for customers who are the beneficial owners of those shares from giving a proxy to vote shares held for those customers on all the matters to be considered and voted upon at the NBT annual meeting other than election of directors without specific instructions from those customers. We will count these so-called "broker non-votes," which we receive, for purposes of determining whether a quorum exists.

CHANGING YOUR VOTE

Any NBT stockholder giving a proxy may revoke the proxy at any time before the vote at the annual meeting in one or more of the following ways:

- o delivering a written notice to the Chief Executive Officer of NBT bearing a later date than the proxy;
- o granting a later-dated proxy; or
- o appearing in person and voting at the NBT annual meeting. Attendance at the NBT annual meeting will not by itself constitute a revocation of a proxy, unless you complete a ballot.

You should send any written notice of revocation or subsequent proxy to 52 South Broad Street, Norwich, New York 13815, Attention: Chief Executive Officer, or hand deliver the notice of revocation or subsequent proxy to the Chief Executive Officer at or before the taking of the vote at the NBT annual meeting.

INDEPENDENT AUDITORS TO BE PRESENT AT THE ANNUAL MEETING

Representatives of KPMG LLP, NBT's current independent auditor, will be present at the NBT annual meeting and will have the opportunity to make a statement if they desire to do so. Such representatives will also be available to respond to appropriate questions.

SOLICITATION OF PROXIES AND COSTS

NBT will bear its own costs of solicitation of proxies. NBT will reimburse brokerage houses, fiduciaries, nominees and others for their out-of-pocket expenses in forwarding proxy materials to owners of shares of NBT common stock held in their names. In addition to the solicitation of proxies by use of the mails, NBT may solicit proxies from NBT stockholders by directors, officers and employees acting on behalf of NBT in person or by telephone, telegraph, facsimile or other appropriate means of communications. NBT will not pay any additional compensation, except for reimbursement of reasonable out-of-pocket expenses, to these directors, officers and employees of NBT in connection with the solicitation. You may direct any questions or requests for assistance regarding this joint proxy statement/prospectus and related proxy materials to Michael J. Chewens, Executive Vice President of NBT, by telephone at (607) 337-6520.

REGARDLESS OF THE NUMBER OF SHARES YOU OWN, YOUR VOTE IS IMPORTANT TO NBT. PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ACCOMPANYING PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

RECOMMENDATIONS OF NBT BOARD

The NBT Board has unanimously approved the fixing of the size of the NBT Board at twelve members and the nomination of the persons named in this joint proxy statement/prospectus for the NBT Board and selecting KPMG LLP as NBT's independent auditor for 2000. The NBT Board believes that each proposal is in the best interest of NBT and the NBT stockholders and recommends that the NBT stockholders vote FOR approval of each proposal. See "Proposal 1 -- Election of Directors," "Proposal 2 -- Proposal to Ratify the Board of Directors Action in Selection of KPMG LLP as NBT's Independent Auditor" and "Proposal 3 -- Approval of the NBT Employee Stock Purchase Plan."

The NBT Board has unanimously approved issuance of the NBT common stock in the merger and the merger agreement and the related matters. The NBT Board believes that issuance of the NBT common stock in the merger and the merger agreement and the merger are in the best interests of NBT and the NBT stockholders, and recommends that the NBT stockholders vote FOR approval of the issuance of the NBT common stock in the merger and ratification of the merger agreement. See "Proposal 4 -- The Issuance of NBT Common Stock in the Merger and Ratification of the Merger Agreement" and "The Issuance of NBT Common Stock in the Merger and Ratification of the Merger Agreement -- Recommendation of the NBT Board and NBT's Reasons for the Merger."

THE PIONEER AMERICAN SPECIAL MEETING

WHEN AND WHERE THE PIONEER AMERICAN SPECIAL MEETING WILL BE HELD

Pioneer American will hold a special meeting of stockholders at Heart Lake Lodge, 1299 Heart Lake Road, Jermyn, Pennsylvania on May 16, 2000 at 10:00 a.m. local time.

WHAT WILL BE VOTED ON AT THE PIONEER AMERICAN SPECIAL MEETING

- o To consider and approve the merger agreement, which will approve the merger and related matters, and
- o To transact such other business as may properly come before the Pioneer American special meeting.

We may take action on the above matters at the Pioneer American special meeting on May 16, 2000, or any later date to which the special meeting is postponed or adjourned.

The Pioneer American Board is unaware of other matters to be voted on at the Pioneer American special meeting. If other matters do properly come before the Pioneer American special meeting, including consideration of a motion to adjourn the special meeting to another time and/or place for the purpose of soliciting additional proxies, Pioneer American intends that the persons named in the proxies will vote, or not vote, in their discretion the shares represented by proxies in the accompanying form. The named agents will not vote any proxy voted against approval of the merger agreement in favor of any adjournment or postponement of the Pioneer American special meeting for the purpose of soliciting additional proxies.

STOCKHOLDERS ENTITLED TO VOTE

Pioneer American has set March 24, 2000 as the record date to determine which Pioneer American stockholders will be entitled to vote at the Pioneer American special meeting. Only Pioneer American stockholders at the close of business on March 24, 2000, will be entitled to receive notice of and to vote at the Pioneer American

special meeting. As of December 31, 1999, there were 2,864,307 issued and outstanding shares of Pioneer American common stock. Each Pioneer American stockholder on the record date is entitled to one vote per share, and may cast such votes either in person or by properly executed proxy.

VOTE REQUIRED TO APPROVE THE MERGER

APPROVAL OF THE MERGER AGREEMENT AND RELATED MATTERS REQUIRES THE AFFIRMATIVE VOTE OF SEVENTY PERCENT OF THE OUTSTANDING SHARES OF PIONEER AMERICAN COMMON STOCK ENTITLED TO VOTE AT THE PIONEER AMERICAN SPECIAL MEETING. ABSTENTIONS AND BROKER NON-VOTES WILL HAVE THE SAME EFFECT AS VOTES AGAINST APPROVAL OF THE MERGER AGREEMENT AND THE RELATED MATTERS. ACCORDINGLY, THE PIONEER AMERICAN BOARD URGES PIONEER AMERICAN STOCKHOLDERS TO COMPLETE, DATE AND SIGN THE ACCOMPANYING PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

NUMBER OF SHARES THAT MUST BE REPRESENTED FOR A VOTE TO BE TAKEN

In order to have a quorum, a majority of the total voting power of the outstanding shares of Pioneer American's common stock entitled to vote at the Pioneer American special meeting must be represented in person or by proxy.

VOTING YOUR SHARES

The Pioneer American Board is soliciting proxies from the Pioneer American stockholders. This will give you an opportunity to vote at the Pioneer American special meeting. When you deliver a valid proxy, the shares represented by that proxy will be voted in accordance with your instructions by a named agent. If you do not vote by proxy or attend the Pioneer American special meeting and vote in person, it will have the same effect as voting against the merger. If you vote by proxy but make no specification on your proxy card that you have otherwise properly executed, the agent will vote the shares FOR approval of the merger agreement and related matters.

HOW PROXIES ARE COUNTED

We will count as present at the Pioneer American meeting for purposes of determining the presence or absence of a quorum for the transaction of business at the Pioneer American special meeting

- o those shares of Pioneer American common stock held by persons attending the Pioneer American special meeting but not voting, and
- o shares of Pioneer American common stock for which Pioneer American has received proxies but with respect to which holders of those shares have abstained from voting.

Nasdaq rules prohibit brokers who hold shares of Pioneer American common stock in nominee or "street name" for customers who are the beneficial owners of those shares from giving a proxy to vote shares held for those customers on the matters to be considered and voted upon at the Pioneer American meeting without specific instructions from those customers. We will count these so called "broker non-votes," which we receive, for purposes of determining whether a quorum exists.

CHANGING YOUR VOTE

Any Pioneer American stockholder may revoke the proxy at any time before the vote at the meeting in one or more of the following ways:

- o delivering a written notice to the Chief Executive Officer of Pioneer American bearing a later date than the proxy;

- o granting a later-dated proxy;
- o appearing in person and voting at the meeting. Attendance at the Pioneer American special meeting will not by itself constitute a revocation of a proxy, unless you complete a ballot.

You should send any written notice of revocation or subsequent proxy to Pioneer American Holding Company Corp., 41 North Main Street, Carbondale, Pennsylvania 18407, Attention: Chief Executive Officer, or hand deliver the notice of revocation or subsequent proxy to the Chief Executive Officer of Pioneer American at or before the taking of the vote at the Pioneer American special meeting.

INDEPENDENT AUDITORS TO BE PRESENT AT THE SPECIAL MEETING

KPMG LLP is Pioneer American's independent auditor. Pioneer American expects representatives of KPMG LLP to be present at the Pioneer American special meeting and to have the opportunity to make a statement if they desire to do so. Pioneer American also expects such representatives of KPMG LLP to be available to respond to appropriate questions.

SOLICITATION OF PROXIES AND COSTS

Pioneer American will bear its own costs of solicitation of proxies. Pioneer American will make arrangements with brokerage houses, custodians, nominees and fiduciaries for forwarding of proxy solicitation materials to beneficial owners of shares held of record by such brokerage houses, custodians, nominees and fiduciaries, and Pioneer American will reimburse such brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in connection with the solicitation. In addition to solicitation by use of the mails, Pioneer American may solicit from the Pioneer American stockholders by directors, officers and employees acting on behalf of Pioneer American in person or by telephone, telegraph, facsimile or other means of communications. Pioneer American will not compensate such directors, officers and employees but may reimburse them for reasonable out-of-pocket expenses in connection with such solicitation. Further, Pioneer American has engaged Mackenzie Partners, Inc., a solicitor and advisor, to solicit proxies from the Pioneer American stockholders on behalf of Pioneer American in person or by telephone, telegraph, facsimile, or other means of communications. Pioneer American will compensate Mackenzie Partners, Inc. \$5,500 and reimburse them for reasonable out-of-pocket expenses in connection with the solicitation. You may direct any questions or requests for assistance regarding this joint proxy statement/prospectus and related proxy materials to Patricia A. Cobb, Esq., Executive Vice President of Pioneer American, by telephone at (570) 282-8045.

REGARDLESS OF THE NUMBER OF SHARES YOU OWN, YOUR VOTE IS IMPORTANT TO PIONEER AMERICAN. PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ACCOMPANYING PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

RECOMMENDATION OF PIONEER AMERICAN BOARD

The Pioneer American Board has unanimously approved the merger agreement and the related matters. The Pioneer American Board believes that the merger agreement, the merger and related matters are in the best interests of Pioneer American and the Pioneer American stockholders, and recommends that the Pioneer American stockholders vote FOR approval of the merger agreement and the related matters. See "The Issuance of NBT Common Stock in the Merger and Ratification of the Merger Agreement -- Recommendation of the Pioneer American Board and Pioneer American's Reasons for the Merger."

PROPOSAL 1
(ONLY STOCKHOLDERS OF NBT)

ELECTION OF DIRECTORS

The NBT bylaws provide that the number of directors authorized to serve until the next annual meeting of stockholders shall be the number designated at the NBT annual meeting and prior to the election of directors by the stockholders entitled to vote for the election of directors at that meeting. The NBT Board has proposed and is requesting the NBT stockholders to approve its proposal that the number of directors be set at twelve. The NBT Board has designated six persons as nominees for election at the NBT annual meeting and is presenting these nominees to the NBT stockholders for election. The directors to be elected at the annual meeting shall be determined by a plurality vote of the shares of NBT common stock represented in person or by proxy, entitled to vote on the election of directors.

In addition, at the effective time of the merger, the NBT Board, in accordance with the merger agreement, will expand from twelve to fifteen, and three individuals who are currently serving as directors of Pioneer American, Messrs. Gene E. Goldenziel, Richard Chojnowski, and Joseph G. Nasser, will become directors of NBT. Mr. Goldenziel will become a director of the class whose term expires in 2001; Mr. Chojnowski will become a director of the class whose term expires in 2002; and Mr. Nasser will become a director of the class whose term expires in 2003.

Nominations of candidates for election as directors of NBT must be made in writing and delivered to or received by the President of NBT within ten days following the day on which public disclosure of the date of any stockholders' meeting called for the election of directors is first given. Such notification must contain the name and address of the proposed nominee, the principal occupation of the proposed nominee, the number of shares of NBT common stock that the notifying stockholder will vote for the proposed nominee, including shares to be voted by proxy, the name and residence of the notifying stockholder, and the number of shares of NBT common stock beneficially owned by the notifying stockholder.

No person except Mr. Everett A. Gilmour shall be eligible for election or re-election as a director if he or she shall have attained the age of 72. Mr. Gilmour shall not be eligible for election or re-election as director if he shall have attained the age of 78.

The chairman of the NBT annual meeting may disregard any nomination not made in accordance with the procedures established by the NBT bylaws.

The NBT bylaws permit the NBT Board by a majority vote, between annual meetings of the stockholders, to increase the number of directors by not more than three members and to appoint qualified persons to fill the vacancies created by the Board's actions.

The NBT bylaws provide for a classified Board of Directors. The NBT Board is divided into three equal classes. Each class holds office for a term of three years, but only one class comes up for election each year (except in those cases where vacancies occur in other classes). The NBT Board is proposing as nominees for directors the persons named below as follows:

- o four for the three-year term expiring at the annual meeting to be held in 2003;
- o one for the three-year term expiring at the annual meeting to be held in 2002;
- o one for the three-year term expiring at the annual meeting to be held in 2001;

and in each case until their successors are elected and qualify.

The persons named in the enclosed proxy intend to vote the shares of NBT common stock represented by each respective proxy properly executed and returned to NBT for such nominees for election as directors, but if the nominees should be unable to serve, they will vote such proxies for such substitute nominees as the NBT Board shall designate to replace such nominees. The NBT Board currently believes that each nominee is available for election. The names of the nominees for election for the term as shown and certain information as to each of them are as follows:

Name	Date of Birth	Principal Occupation During Past Five Years and Other Directorships (a)	Director Since	Number of Common Shares Beneficially Owned on 12/31/99 (b)	Percent of Shares Outstanding
NOMINEES WITH TERMS EXPIRING IN 2003:					
Andrew S. Kowalczyk, Jr.	09/27/35	Partner - Kowalczyk, Tolles, Deery & Johnston, attorneys Director of NBT Bank since 1994	1994	3,721(1)	*
Dan B. Marshman	05/08/46	Partner, Marshman Farms, Inc. Directorships: North Country Insurance Co. NBT Bank since 1995	1999	24,935(1) 1,359(1)(b) 4,003(2) 1,203(2)(b)	0.20% * * *
John G. Martines	11/09/46	President of LA Bank and CEO Lake Ariel for more than 5 years	2000	19,049(1) 113,358(2) 14,046(2)(b)	(i)
John C. Mitchell	05/07/50	President and CEO of I.L. Richer Co. (agri. business) Directorships: Preferred Mutual Ins. Co.(c); NBT Bank since 1993	1994	10,712(1)	*
NOMINEE WITH TERM EXPIRING IN 2002:					
Bruce D. Howe	11/22/31	President of Lake Ariel and Chairman of subsidiaries for more than 5 years; President of John T. Howe, Inc. (fuel and heating oil company), a motel, truck stop, and convenience stores	2000	219,049(1) 126,187(2)	(i)
NOMINEE WITH TERM EXPIRING IN 2001:					
William C. Gumble	12/08/37	Retired attorney-at-law; County Solicitor and District Attorney of Pike County, PA	2000	119,233(1)	(i)

Name	Date of Birth	Principal Occupation During Past Five Years and Other Directorships (a)	Director Since	Number of Common Shares Beneficially Owned on 12/31/99 (b)	Percent of Shares Outstanding
CONTINUING DIRECTORS WITH TERMS EXPIRING IN 2002:					
J. Peter Chaplin	10/27/29	Senior Vice President (Retired) Sheffield Products/Quest Intl. Directorships: Director of NBT Bank since 1995	1999	21,357(1) 3,536(2)(b)	0.17% *
Peter B. Gregory	05/07/35	Partner, Gatehouse Antiques Director of NBT Bank since 1978	1987	113,210(1) 7,957(1)(b) 25,787(2)(b)	0.91% * 0.21%
Paul O. Stillman	01/15/33	Chairman of Preferred Mutual Ins. Co. (c) Directorships: Preferred Mutual Ins. Co. (c); Leatherstocking Cooperative Ins. Co; NBT Bank since 1977	1986	27,692(1) 724(2)(b)	0.22% *
CONTINUING DIRECTORS WITH TERMS EXPIRING IN 2001:					
Daryl R. Forsythe	08/02/43	President and CEO of NBT since January 1995; Chairman and CEO of NBT Bank since September 1999; President and CEO of NBT Bank from January 1995 to September, 1999; Vice President & General Manager of Simmonds Precision Engine Systems, a subsidiary of BF Goodrich Aerospace for more than 7 previous years Directorships: Security Mutual Life Ins. Co. of NY; NBT Bank since 1988	1992	31,825(1) 1,436(1)(b) 7,347(2) 1,511(2)(b) 148,818(3)	0.26% * * * 1.20%
Everett A. Gilmour	05/22/21	Chairman of NBT since January 1995; Chairman of NBT Bank from January 1995 to September 1999; Retired Chairman of NBT for more than 5 previous years Directorships: Preferred Mutual Ins. Co.(c); NBT Bank since 1962	1986	94,840(1) 5,016(2) 3,047(2)(b)	0.76% * *
William L. Owens	01/20/49	Managing Partner, Stafford, Trombley, Owens & Curtin, P.C., attorneys Directorships: Champlain Enterprises, Inc. Prim Hall Enterprises Mediquest, Inc. NBT Bank since 1995	1999	2,480(1)	*

EXECUTIVE OFFICERS OF NBT BANCORP INC.
OTHER THAN DIRECTORS WHO ARE OFFICERS

Name	Date of Birth	Date of Employment	Present Position and Principal Position Last Five Years	Number of Common Shares Beneficially Owned on 12/31/99(b)	Percent of Shares Outstanding
Michael J. Chewens	9/13/61	7/18/94	Executive Vice President, Chief Financial Officer and Treasurer of NBT and NBT Bank since September 1999; Senior Vice President Control Group, 1995-1999; Vice President and Auditor, 1994-1995; Senior Manager, KPMG Peat Marwick, 1984-1994	1,041(1) 1,117(1)(b) 24,362(3)	* * 0.20%
Martin A. Dietrich	4/3/55	3/1/81	President and Chief Operating Officer of NBT Bank since September 1999; Executive Vice President of Retail Banking 1998-1999; Senior Vice President of Retail Banking 1996-1998; Senior Vice President and Chief Credit Officer 1995 - 1996; Regional Manager 1993 - 1995; Director of Marketing 1991 - 1993	6,936(1) 5,545(1)(b) 3,288(2) 848(2)(b) 44,457(3)	* * * * 0.36%
Joe C. Minor	10/7/42	3/1/93	President and Chief Operating Officer of NBT Financial Services, Inc. since September 1999; Chief Financial Officer and Treasurer of NBT 1995-1999; Executive Vice President, Chief Financial Officer, Treasurer and Cashier of NBT Bank 1995-1999; Senior Vice President and Controller of NBT Bank, 1993-1995; Owner, Public Accounting/Bank Consulting Firm, Charlotte, NC 1983-1993	4,706(1) 2,374(1)(b) 43,579(3)	* * 0.35%
John D. Roberts	2/16/40	2/15/65	Vice President and Secretary of NBT since September 1995; Executive Vice President and Chief Trust Officer of NBT Bank since 1998; Senior Vice President and Chief Trust Officer of NBT Bank 1995-1998; Executive Vice President Chenango Mutual Insurance Co. 1989 - 1995	19,988(1) 1,692(1)(b) 306(2)(b) 39,125(3)	0.16% * * 0.31%

All directors and executive officers as a group beneficially owned 741,880 shares as of December 31, 1999, which represented 5.66% of total shares outstanding, including shares owned by spouses and minor children, as to which beneficial ownership is disclaimed, and options exercisable within sixty days. Following the merger of NBT and Lake Ariel, the directors and executive officers of NBT owned a total of 1,373,112 shares of NBT common stock or approximately 7.59% of the 18,100,868 outstanding shares of NBT common stock.

NOTES:

- (a) The business experience of each director during the past five years was that typical to a person engaged in the principal occupation listed for each.
 - (b) The information under this caption regarding ownership of securities is based upon statements by the individual nominees, directors, and officers and includes shares held in the names of spouses and minor children as to which beneficial ownership is disclaimed. These indirectly held shares total in number 58,440 for the spouses and for minor children. In the case of officers and officer directors, shares of NBT's stock held in NBT Bank, National Association Employee Stock Ownership Plan as of December 31, 1999, are included.
 - (c) Preferred Mutual Insurance Company, of which Paul O. Stillman is Chairman and Director, and Everett A. Gilmour and John C. Mitchell are Directors, owns 128,041 shares; Messrs. Stillman, Gilmour, and Mitchell disclaim any beneficial ownership of any such shares.
 - (d) The North Country Insurance Company of which Mr. Marshman is a director owns 18,516 shares. Mr. Marshman disclaims any beneficial ownership of any such shares.
 - (e) The Everett & Pearl Gilmour Foundation, of which Everett Gilmour is a Director, owns 10,288 shares. Mr. Gilmour disclaims any beneficial ownership of any such shares.
 - (f) The Phyllis A. & Daryl R. Forsythe Foundation, of which Daryl R. Forsythe is a Director, owns 7,180 shares. Mr. Forsythe disclaims any beneficial ownership of any such shares.
 - (g) Mr. Dietrich has power of attorney for his mother, who owns 7,000 shares. Mr. Dietrich disclaims any beneficial ownership of any such shares.
 - (h) Mr. Mitchell is co-trustee for the trust u/w of I Richer Mitchell, which owns 17,158 shares. Mr. Mitchell disclaims any beneficial ownership of any such shares.
 - (i) Following the merger of NBT and Lake Ariel, the NBT Board appointed Messrs. Martines, Howe and Gumble as Directors of NBT to serve until the next annual meeting of stockholders of NBT. The date with respect to their respective ownership of NBT stock is February 29, 2000.
- (1) Sole voting and investment authority.
 - (2) Shared voting and investment authority.
 - (3) Shares under option from NBT Bancorp Inc. Stock Option Plan which are exercisable within sixty days of December 31, 1999.

* Less than .1%

On January 3, 1997, Mr. Martines voluntarily entered into a consent decree with respect to a complaint filed by the SEC in connection with the purchase by Mr. Martines of securities of First Eastern Corporation ("First Eastern") prior to the announcement by PNC Bank Corp. ("PNC") that PNC would purchase First Eastern. The complaint alleged that Mr. Martines purchased such securities based upon information given to him by a director of First Eastern. In order to avoid the costs of pursuing a successful defense and upon advice of his counsel, Mr. Martines agreed to enter into such consent decree without admitting or denying any of the allegations in the SEC's complaint. The Lake Ariel Board considered this matter and concluded that this action by Mr. Martines had no effect on his ability to successfully manage Lake Ariel and LA Bank and had no detrimental effect on the short-term and long-term prospects of Lake Ariel and LA Bank.

The NBT Board unanimously recommends the NBT stockholders to vote FOR fixing the number of directors at twelve and electing the nominees selected by the NBT Board and named in the preceding table. The named agents will vote the proxies FOR fixing the size of the NBT Board and FOR the named nominees for director unless stockholders specify otherwise in their proxies.

BOARD MEETINGS AND COMMITTEES OF THE BOARD

During 1999, there were seven meetings of the NBT Board. Each member attended at least 75% of the meetings of the Board and those committees on which he served. The full Board performed the duties of the Executive Committee. The following committees perform a dual role for NBT and NBT Bank.

NOMINATING, ORGANIZATION AND BOARD AFFAIRS COMMITTEE:

- Chairman: Daryl R. Forsythe
- Members: Andrew S. Kowalczyk, Jr.
Dr. Peter B. Gregory
Everett A. Gilmour
J. Peter Chaplin
Paul O. Stillman
Martin A. Dietrich

This committee, which met three times during 1999, nominates directors for election for NBT and NBT Bank. The committee also functions to insure a successful evolution of management at the senior level.

COMPENSATION AND BENEFITS COMMITTEE:

- Chairman: Andrew S. Kowalczyk, Jr.
- Members: Everett A. Gilmour
Dr. Peter B. Gregory

John C. Mitchell
Richard F. Monroe
Paul O. Stillman
William L. Owens

This committee has the responsibility of reviewing the salaries and other forms of compensation of the key executive personnel of NBT and NBT Bank. The committee met three times in 1999. The committee administers the NBT stock option plan.

AUDIT, COMPLIANCE AND LOAN REVIEW COMMITTEE:

Chairman: Dan B. Marshman

Members: J. Peter Chaplin
Everett A. Gilmour
Janet H. Ingraham
John C. Mitchell
Plus 2 rotating members each year

The Audit, Compliance and Loan Review Committee represents the NBT Board in fulfilling its statutory and fiduciary responsibilities for independent examinations of NBT including monitoring accounting and financial reporting practices and financial information distributed to stockholders and the general public. Further, the committee determines that NBT operates within prescribed procedures in accordance with adequate administrative, operating and internal accounting controls. It also makes recommendations to the NBT Board with respect to the appointment of independent auditors for the following year. This committee met four times in 1999.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

NBT Directors and Executive Officers must, under Section 16(a) of the Securities Exchange Act of 1934, file certain reports of changes in beneficial ownership of NBT securities. NBT Bank endeavors to assist Directors and Executive Officers in filing the required reports. To NBT's knowledge all filing requirements under the Securities Exchange Act were satisfied.

COMPENSATION OF DIRECTORS AND OFFICERS

BOARD OF DIRECTORS FEES

For 1999, members of the NBT Board received a \$3,000 annual retainer in the form of restricted stock and \$600 per Board meeting attended. NBT Board members also received \$600 for each committee meeting attended. Chairmen of the committees received \$900 for each committee meeting attended. Officers of NBT, who are also Directors, do not receive any fees. For 2000, members of the NBT Board will continue to receive an annual retainer in the amount of \$3,000 which will be payable in the form of restricted stock which will vest over a three year period.

EXECUTIVE COMPENSATION

The following table sets forth information concerning the chief executive officer of NBT and the four most highly compensated executive officers, other than the chief executive officer, of NBT or NBT Bank who were serving as executive officers at the end of 1999 and whose total annual salary and bonus exceeded \$100,000 in 1999.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation		Awards	Long Term Compensation Payouts		All Other Compensation(4)
		Salary	Bonus(1)	Other Annual Compensation(2)	LTIP Payouts	Securities Underlying Options (3)	
Daryl R. Forsythe, President and Chief Executive Officer of NBT	1999	\$300,000	\$200,000		\$-0-	46,935	\$312,780
	1998	311,539	195,000		-0-	39,339	28,337
	1997	280,000	168,000		-0-	45,863	31,798
Joe C. Minor, President and Chief Operating Officer of NBT Financial Services Corp.	1999	197,961	155,000		-0-	16,485	171,244
	1998	168,461	68,000		-0-	13,719	14,400
	1997	125,000	55,400		-0-	12,789	14,400
Michael J. Chewens, (5) Executive Vice President, Chief Financial Officer and Treasurer of NBT and NBT Bank	1999	113,846	65,000		-0-	9,660	112,508
	1998	98,236	40,000		-0-	9,261	12,000
	1997	86,538	35,540		-0-	8,952	8,727
Martin A. Dietrich, President and Chief Operating Officer of NBT Bank	1999	184,231	155,000		-0-	15,540	15,009
	1998	137,693	63,744		-0-	12,039	14,400
	1997	110,000	49,000		-0-	11,318	12,992
John D. Roberts, Executive Vice President Chief Trust Officer of NBT Bank and Vice President and Secretary of NBT	1999	150,000	69,600		-0-	14,595	14,400
	1998	128,846	59,400		-0-	11,340	14,400
	1997	103,000	45,000		-0-	10,584	12,164

NOTES:

- (1) Represents bonuses under NBT's Executive Incentive Compensation Plan earned in the specified year and paid in January of the following year.
- (2) Individual amounts, and in the aggregate, are immaterial.
- (3) Number of common stock option grants adjusted for the 5% stock dividends in December 1997, 1998, 1999, and the 33 1/3% stock dividend in 1998.
- (4) In 1999, 1998 and 1997 NBT Bank contributed \$487,384, \$478,473 and \$424,302, respectively, to NBT Bank's Employees' Stock Ownership Plan ("ESOP"). With the 1999 contribution, NBT Bank as trustee of the ESOP will purchase shares of NBT common stock at the fair market value on the dates of purchase and will allocate these shares to the accounts of the participants. The amount shown includes the amount allocated to the named executive. An individual's maximum compensation eligible for the ESOP contribution is \$160,000. Includes payments by NBT with respect to the death benefits agreement (\$888 for Mr. Forsythe), disability agreement (\$7,734 for Mr. Forsythe), and matching contributions by NBT or NBT Bank pursuant to NBT's and NBT Bank's Section 401(k) retirement plan in the amount of \$8,000, ESOP contribution of \$6,400. Includes the value of personal share of autos of \$5,980, \$596, and \$609 for Messrs. Forsythe, Minor and Dietrich, respectively. ESOP contributions of \$6,400, \$6,400, \$6,154 and \$6,400 and 401(k) matching contributions of \$8,000, \$8,000, \$7,692 and \$8,000 were made for Messrs. Minor, Dietrich, Chewens and Roberts respectively. Options exercised during the year had total values realized of \$283,778, \$156,248 and \$63,114 for Messrs. Forsythe, Minor and Chewens, respectively. Moving costs of \$35,348 were paid for Mr. Chewens.
- (5) Became an executive officer on September 1, 1999. Prior to that date, Mr. Chewens served as Senior Vice President of the Control Group Division, which encompasses the Audit, Compliance, Loan Review and Legal Disclosure Departments of NBT.

OPTION GRANTS INFORMATION

The following table presents information concerning grants of stock options made during 1999 to each of the executive officers named in the Summary Compensation Table above. All information has been adjusted for the December 1999 stock dividend. No gain to the optionees is possible without an increase in stock price which will benefit all shareholders proportionately. These potential realizable values are based solely on arbitrarily assumed rates of appreciation required by applicable SEC regulations. Actual gains, if any, on option exercises and common stockholdings are dependent on the future performance of NBT Bancorp Inc. Common Stock. There can be no assurance that the potential realizable values shown in this table will be achieved.

OPTION GRANTS IN LAST FISCAL YEAR

Name	Individual Grants			Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (2)	
	# of Securities Underlying Options Granted(1)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price (\$/Sh)		5%	10%
Daryl R. Forsythe	36,345	16.7%	\$20.59	January 2009	\$471,797	\$1,195,620
Daryl R. Forsythe	10,500(3)	4.8%	20.44	April 2009	134,973	342,049
Joe C. Minor	16,485	7.5%	20.59	January 2009	213,464	540,958
Michael J. Chewens	9,660	4.4%	20.59	January 2009	125,087	316,994
John D. Roberts	14,595	6.7%	20.59	January 2009	188,991	478,937
Martin A. Dietrich	15,540	7.1%	20.59	January 2009	201,227	509,948

NOTES:

- (1) Nonqualified options have been granted at fair market value at the date of grant. At the time of grant, options are 40% vested after one year from grant date; an additional 20% vests each year thereafter.
- (2) The potential realizable value of each grant of options, assuming that the market price of the underlying security appreciates in value from the date of grant to the end of the option term, at the specified annualized rates. The assumed growth rates in price in NBT's stock are not necessarily indicative of actual performance that may be expected. The amounts exclude the cost by the executive to exercise such options.
- (3) Options granted under reload feature on April 28, 1999.

AGGREGATE OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

The following table presents information concerning the exercise of stock options during 1999 by each of the executive officers named in the Summary Compensation Table above, and the value at December 31, 1999, of unexercised options that are exercisable within sixty days of December 31, 1999. These values, unlike the amounts set forth in the column headed "Value Realized," have not been, and may never be realized. All information has been adjusted for stock dividends and splits. The underlying options have not been, and may never be, exercised; and actual gains, if any, on exercise will depend on the value of NBT Bancorp Inc. Common Stock on the date of exercise. There can be no assurance that these values will be realized.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

Name	Shares Acquired on Exercise	Value Realized(1)	Number of Securities Underlying Unexercised Options at FY End	Value of Unexercised In the Money Options at FY End(2)
			Exercisable/Unexercisable	Exercisable/Unexercisable
Daryl R. Forsythe	25,000	\$283,778	148,818/58,515	\$540,009/37,177
Joe C. Minor	13,625	156,248	43,579/18,339	136,881/10,367
Michael J. Chewens	5,769	63,114	24,362/11,291	69,186/6,911
John D. Roberts	-0-	-0-	39,125/15,743	130,865/8,580
Martin A. Dietrich	-0-	-0-	44,457/16,758	158,826/9,175

NOTES:

- (1) Represents difference between the fair market value of the securities underlying the options and the exercise price of the options on the date of exercise.
- (2) Represents difference between the fair market value of the securities underlying the options and the exercise price of the options at December 31, 1999.

RETIREMENT PLAN

The following table presents information with respect to the pension plan of NBT and NBT Bank. The table shows the estimated annual benefits payable upon

retirement in specified compensation and years of service classifications for participants retiring on December 31, 1999.

Years of Participation

Final Average Earnings		Years of Participation			
		10 Years	20 Years	30 Years	40 Years
\$15,000	N	\$ 2,197.50	\$ 3,246.46	\$ 4,931.56	\$ 6,904.19
	Q	2,044.42	3,020.31	4,588.03	6,423.24
\$25,000	N	3,662.50	5,602.35	8,219.27	11,506.98
	Q	3,407.37	5,212.09	7,646.72	10,705.40
\$40,000	N	6,286.81	9,633.94	13,247.86	18,547.00
	Q	5,848.87	8,962.84	12,325.01	17,255.02
\$70,000	N	12,526.81	19,118.45	27,117.88	37,965.03
	Q	11,654.19	17,786.66	25,228.85	35,320.39
\$100,000	N	18,766.81	28,812.11	40,987.90	57,383.06
	Q	17,459.51	26,805.06	38,132.68	53,385.76
\$200,000	N	30,414.81	51,986.92	79,129.50	110,781.30
	Q	28,296.11	48,365.51	73,617.34	103,064.27
\$300,000	N	30,414.81	63,058.30	96,538.80	116,581.10
	Q	28,296.11	58,665.66	89,813.91	108,460.06
\$400,000	N	30,414.81	63,058.30	96,538.80	116,581.10
	Q	28,296.11	58,665.66	89,813.91	108,460.06
\$500,000	N	30,414.81	63,058.30	96,538.80	116,581.10
	Q	28,296.81	58,665.66	89,813.91	108,460.06

N=Normal Form of Benefit for a Single Participant-5 Years Certain and Continuous.

Q=Normal Form of Benefit for a Married Participant-Qualified Joint and Survivor (50% of benefit payable to spouse at death of Participant). Spouse's age assumed to be equal to Participant's age for above calculations. Salaries are assumed to increase at a rate of 4% per year from date of hire through date of retirement for above calculations.

NBT has in effect a noncontributory pension plan for all eligible employees which is self-administered. Eligible employees are those who work in excess of 1,000 hours per year, have completed one year of service and have attained age 21. The plan is qualified under Section 401(a) of the Internal Revenue Code. Employer contributions to the plan are computed on an actuarial basis using the projected unit credit cost method including amortization of any past service costs over a thirty-year period. Pension costs are funded as accrued. There were no minimum required or maximum deductible contributions for the plan year ending December 31, 1999. The plan provides for 100% vesting after five years of qualified service. Earnable compensation for the plan is defined as fixed basic annual compensation, including bonuses, overtime and other taxable compensation, but excluding NBT's cost for any public or private employee benefit plan, including this retirement plan. Benefit computations are based on an average final compensation amount which is the average annual earnable compensation during the five consecutive year period in an employee's last ten years of qualified service which produces the highest such average.

The annual normal retirement benefit of a participant who becomes eligible for benefits shall equal the greater of the amounts described in A and B below, with that sum then reduced by the amount described in C below.

A. The sum of (i), (ii), and (iii) below:

- i. The participant's accrued benefit under the predecessor plan as of September 30, 1989.
- ii. For years of benefit service earned after September 30, 1989 and before January 1, 1995, the sum of 1.60 percent of the participant's final average earnings for each year of benefit service plus .60 percent of the participant's final average earnings that is in excess of covered compensation for such year of benefit service.

iii. For years of benefit service earned after December 31, 1994, the sum of 1.25 percent of the participant's final average earnings for each such year of benefit service, plus .60 percent of the participant's final average earnings that is in excess of covered compensation for each such year of benefit service.

B. The sum of 1.60 percent of the participant's final average earnings for each year of benefit service through December 31, 1994, plus .65% of the participant's final average earnings that is in excess of covered compensation for each year of benefit service through December 31, 1994.

C. The annual normal retirement benefit payable to the participant from the Retirement Plan of Irving Bank Corporation and Affiliated Companies.

The number of years of benefit service taken into account under the plan shall be limited to the greater of 30, or the number of years of benefit service completed by the participant as of December 31, 1994 (up to a maximum of 40 for the basic benefit and a maximum of 35 for the excess portion of the benefit).

EMPLOYMENT AGREEMENTS

Effective January 1, 2000, NBT entered into an employment agreement with Mr. Forsythe. The agreement provides for an orderly transition of the chairmanship of NBT to Mr. Forsythe in April 2001 when Mr. Everett A. Gilmour's term of directorship ends. The agreement provides that Mr. Forsythe will serve as the president and chief executive officer of NBT and as the chairman and chief executive officer of NBT Bank through March 31, 2001, and as the chairman, president and chief executive officer of NBT and as the chairman of the board of NBT Bank from April 2001 through December 2002. The term of the agreement may be extended through December 2003 by mutual agreement of the parties. Mr. Forsythe's salary is not less than \$300,000 during 2000, \$350,000 during 2001, and \$400,000 during 2002 and, if applicable, 2003. Maximum bonus opportunity, provided under the Executive Incentive Compensation Plan, will be 80% of salary throughout the life of the agreement. The agreement also grants Mr. Forsythe a right to stock options to be granted to him annually under NBT's Stock Option Plan, covering a number of shares of Company stock equal to 250% of his annualized salary on the date of grant divided by the fair market value of the stock. The option exercise price will be the fair market value of the stock at time of grant. The agreement also provides to Mr. Forsythe paid vacation time of five weeks during 2000, six weeks during 2001, and three weeks during 2002 and, if applicable, 2003, plus excusal during January, February and March of 2002 and, if applicable, during January, February and March of 2003 from presence within the market area of NBT except on an as-required basis as agreed by the board of directors of NBT and Mr. Forsythe. Under the agreement Mr. Forsythe will also receive other benefits including the use of a company car, country club privileges, and participation in NBT's various employee benefits plans such as the retirement plan, the 401(k)/ESOP Plan, and various health, disability, and life insurance plans.

Effective January 1, 2000, NBT also entered into an employment agreement with Mr. Minor. The agreement with Mr. Minor provides that he will serve as an executive vice president of NBT Bank and as the president and chief operating officer of NBT Financial Services, Inc. through December 31, 2002, with two automatic one-year extensions occurring on January 1, 2001 and January 1, 2002. The responsibilities of Mr. Minor will include supervisory responsibilities over the trust department of NBT Bank following the retirement of the current chief trust officer. Mr. Minor's salary is not less than \$230,000 initially, with minimum increases of 8 percent per annum beginning in 2001. Maximum bonus opportunity, provided under the Executive Incentive Compensation Plan, will be 75% of salary throughout the life of the contract. In addition, Mr. Minor will be entitled to accelerated and enhanced retirement benefits if, as a direct result of his personal performance, NBT has a sustained increase (as defined in the employment agreement) to its net earnings before taxes during the three-fiscal-year period before the earlier of Mr. Minor's retirement or the first day of the month after Mr. Minor's 65th birthday. In general, if the sustained increase to net earnings before taxes during this period is between \$1.5 million and \$4 million, then the retirement benefit otherwise payable to Mr. Minor at age 62 will be payable at age 61, and Mr. Minor will be entitled to a grant of \$100,000 to a grantor trust for payment to him upon his retirement. If the sustained

increase to net earnings before taxes is more than \$4 million and less than \$8 million, then the retirement benefit otherwise payable to Mr. Minor at age 62 will be payable at age 60, and the grant to the grantor trust for payment upon his retirement will be \$300,000. If the sustained increase to net earnings before taxes is \$8 million or more, then the retirement benefit otherwise payable at age 62 will be a 75% retirement benefit (instead of a 50% retirement benefit) payable for retirement at age 62, or a 65% retirement benefit payable for retirement at age 61, or a 55% retirement benefit payable for retirement at age 60, and the grant to the grantor trust for payment upon retirement will be \$600,000. If Mr. Minor retires before December 31, 2002, the agreement provides procedures for the good-faith estimation of projected increases in the net earnings of NBT before taxes for the remainder of the three-fiscal-year period ending on December 31, 2002. The agreement also grants Mr. Minor a right to stock options to be granted to him annually under NBT's Stock Option Plan, covering a number of shares of Company stock equal to 250% of his annualized salary on the date of grant divided by the fair market value of the stock. The option exercise price will be the fair market value of the stock at time of grant. Under the agreement Mr. Minor will also receive other benefits including the use of a company car, country club privileges, and participation in NBT's various employee benefits plans such as the retirement plan, the 401(k)/ESOP Plan, and various health, disability, and life insurance plans.

Effective January 1, 2000, NBT also entered into an employment agreement with Mr. Dietrich. The agreement with Mr. Dietrich provides that he will serve as the president and chief operating officer of NBT Bank through December 31, 2002, with automatic one-year extensions occurring annually beginning January 1, 2002. Mr. Dietrich's salary is not less than \$230,000 initially, with minimum increases of 8 percent per annum beginning in 2001. Maximum bonus opportunity, provided under the Executive Incentive Compensation Plan, will be 75% of salary throughout the life of the contract. The agreement also grants Mr. Dietrich a right to stock options to be granted to him annually under NBT's Stock Option Plan, covering a number of shares of Company stock equal to 250% of his annualized salary on the date of grant divided by the fair market value of the stock. The option exercise price will be the fair market value of the stock at time of grant. Under the agreement Mr. Dietrich will also receive other benefits including the use of a company car, country club privileges, and participation in NBT's various employee benefits plans such as the retirement plan, the 401(k)/ESOP Plan, and various health, disability, and life insurance plans.

CHANGE IN CONTROL AGREEMENTS

NBT has entered into a change in control agreement with each of Messrs. Forsythe, Minor, Chewens, Dietrich, and Roberts. Each agreement provides in general that, in the event that NBT or NBT Bank is acquired by another company or any of certain other changes in control of NBT or NBT Bank should occur and further if within 24 months from the date of such acquisition or change in control Messrs. Forsythe's, Minor's, Chewens's, Dietrich's, or Roberts's respective employment with NBT or NBT Bank is terminated without cause or by the executive for good reason (as defined in the agreement), or if the executive resigns within 90 days of a change in control of NBT or NBT Bank irrespective of the existence of good reason, Messrs. Forsythe, Minor, Chewens, Dietrich, or Roberts will be entitled to receive 2.99 times a base amount plus any gross-up amount required to compensate for the imposition of any excise taxes under section 4999 of the Internal Revenue Code. An executive's base amount for these purposes is generally his average annual compensation includible in his gross taxable income for the five years preceding the year in which the change in control occurs (or, if he has been employed by NBT for less than those five years, for the number of those years during which he has been employed by NBT, 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. The agreement is effective until December 31, 2002, and is automatically renewed for one additional year commencing at December 31, 2000 and each December 31 thereafter.

SUPPLEMENTAL RETIREMENTS BENEFITS

NBT has agreed to provide Mr. Forsythe with supplemental retirement benefits under a supplemental retirement agreement ("SERP"). The SERP for the benefit of Mr. Forsythe provides that annual supplemental benefits at normal

retirement will be equal to 75% of Mr. Forsythe's average base salary and bonuses for the five salary years immediately preceding the date of retirement, less the sum of (a) the annual amount payable to Mr. Forsythe under NBT's pension plan, (b) the annual benefit that could be provided by NBT contributions (other than elective deferrals) made on Mr. Forsythe's behalf plus the earnings thereon under NBT's 401(k)/ESOP plan if such contributions and earnings were actuarially converted to a benefit payable at age 65 in the same form as the benefit payable under the SERP, and (c) after Mr. Forsythe attains his social security retirement age, the annual social security benefit payable to Mr. Forsythe. Reduced amounts will be payable under the SERP in the event Mr. Forsythe takes early retirement. Except in the case of early retirement, payment of benefits will commence upon the first day of the month after Mr. Forsythe attains age 65. The SERP provides that it shall at all times be unfunded (except in the event of a change in control).

NBT has agreed to provide Messrs. Minor and Dietrich with supplemental retirement benefits under supplemental retirement agreements ("SERPs"). The SERPs for the benefit of Messrs. Minor and Dietrich provide that annual supplemental benefits at normal retirement payable to each of them will be equal to 50% of the respective individual's average base salary and bonuses for the five salary years immediately preceding the date of retirement, less the sum of (a) the annual amount payable to each individual under NBT's pension plan, (b) the annual benefit that could be provided by NBT contributions (other than elective deferrals) made on each individual's behalf plus the earnings thereon under NBT's 401(k)/ESOP plan if such contributions and earnings were actuarially converted to a benefit payable at age 65 in the same form as the benefit payable under the SERP, and (c) after attainment of social security retirement age, the annual social security benefit payable to each individual. Reduced amounts will be payable under the SERP in the event Mr. Minor or Mr. Dietrich takes early retirement. Except in the case of early retirement, payment of benefits will commence upon the first day of the month after Mr. Minor or Mr. Dietrich attains age 62. The SERP provides that it shall at all times be unfunded (except in the event of a change in control).

A Supplemental Retirement Plan has also been provided to Mr. Roberts who was employed by the Bank between February 15, 1965 through November 1, 1989 and from February 6, 1995 to date. The purpose of the plan is to provide the benefits Mr. Roberts would have earned under NBT Bank's Qualified Retirement Plan had he been employed continuously by the Bank from February 15, 1965 through his actual termination of employment. The plan will provide supplemental retirement income in excess of the retirement benefits otherwise provided to the Executive under the Bank's Qualified Retirement Plan.

DARYL R. FORSYTHE EMPLOYMENT

In addition to the employment agreement and supplemental retirement agreement between NBT and Mr. Forsythe described above, NBT and Mr. Forsythe have entered into a wage continuation plan which provides that during the first three months of disability Mr. Forsythe will receive 100% of his regular wages reduced by any benefits received under social security, workers' compensation, state disability plan or any other government plan or other program, such as group coverage, paid for by NBT Bank. Additionally, if the disability extends beyond three months, Mr. Forsythe will receive payments of \$7,000 per month under an insurance policy with The New England. The annual cost of the policy is \$7,734, which is reflected in the Summary Compensation Table above. Mr. Forsythe and NBT have entered into a death benefits agreement. The policy is a split-dollar life insurance policy on Mr. Forsythe's behalf in the face amount of \$800,000. NBT is the owner of the policy. Upon Mr. Forsythe's death, his named beneficiary will receive \$600,000 from the policy's proceeds, while NBT will receive the remainder of the policy's proceeds. Upon termination of the death benefits agreement (e.g., upon termination of Mr. Forsythe's employment), Mr. Forsythe is required to transfer all of his right, title, and interest in the policy to NBT. NBT pays the premium on the policy, of which an actuarially-determined amount is attributable to Mr. Forsythe and is reflected in the Summary Compensation Table above.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the fiscal year ending December 31, 1999, Everett A. Gilmour, Chairman of NBT and a member of the Compensation and Benefits Committee, served on the Board of Directors of Preferred Mutual Insurance Company whose Chairman is Paul O. Stillman who is a member of NBT's and of NBT Bank's Compensation and Benefits Committee. Mr. Gilmour was Chairman of NBT from 1972 to 1988 and from January 1995 to present. Mr. Gilmour was Chairman of NBT Bank from 1972 to 1988 and from January 1995 to September 1999.

The law firm of Kowalczyk, Tolles, Deery and Johnston, of which Director Andrew S. Kowalczyk, Jr., Chairman of the Compensation and Benefits Committee, is a partner, provides legal services to NBT and NBT Bank from time to time as does the law firm of Stafford, Trombly, Owens & Curtin, of which Director William L. Owens

is a partner. These services occur in the ordinary course of business and at the same terms as those prevailing for comparable transactions with other law firms.

John D. Roberts, an executive officer of NBT, is a director of the I.L. Richer Co. whose President and CEO, John C. Mitchell, serves on the Compensation and Benefits Committee.

Richard Monroe, a member of the Compensation and Benefits Committee, is a retiree of NBT and served as Senior Vice President - Manager of Newark Valley Office from 1973 to 1985.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The primary responsibility of the Compensation and Benefits Committee is to design, implement, and administer all facets of the compensation and benefits programs of NBT for all employees. The committee is composed entirely of outside, non-employee directors. The committee approves participants who are eligible for the Executive Incentive Compensation Plan, sets the compensation plan targets for each year and approves payouts under the plan, awards stock option grants, approves the annual contribution to the Employee Stock Ownership Plan for all employees, approves executive compensation, annually reviews the performance of the CEO and recommends the CEO compensation package to the NBT Board. The committee presents its actions to the NBT Board for approval. The objective of NBT's executive compensation program is to develop and maintain executive reward programs which contribute to the enhancement of shareholder value, while attracting and retaining key executives who are critical to the long-term success of NBT. It is expected that total compensation will vary annually, based on NBT and individual performance.

The compensation committee retains the services of an executive salary and benefits consultant, who is independent and unassociated with NBT, the CEO, or any member of the NBT Board or management, to assist in setting the total compensation package of senior management. To assist the committee in fulfilling its responsibilities, the independent consultant provides advice and guidance directed toward ensuring that the NBT Board's practices are consistent within the industry, consistent with and in support of the goals and objectives of NBT and fairly applied throughout NBT.

The committee believes it is critical to the ongoing success of NBT that its executives continue to be among the most highly qualified and talented available to lead the organization in the creation of shareholder value. In support of this objective, the philosophy of the committee in approving and recommending executive compensation is based upon the following criteria:

- o Design a total compensation package that includes a base salary, an annual incentive plan that is linked to stockholder interests, and a stock option plan that encourages share ownership and is also linked with stockholder interests.
- o Set base salaries that are commensurate with each individual's responsibility, experience, and contribution to NBT.
- o Ensure that salaries are competitive within the industry so as to be able to attract and retain highly qualified executives.
- o Promote a pay for performance culture.

NBT's executive compensation program, discussed in detail below, is made up of both fixed (base salary) and variable (incentive) compensation elements. Variable compensation consists of annual cash incentives and stock option grants. The committee and the management of NBT believe that variable compensation should be based both on short-term and long-term measurements and be directly and visibly tied to NBT performance, so that, while

introducing appropriate risk in the payout levels, such compensation will promote a pay for performance culture within the executive team.

In reviewing executive compensation, the committee considers a variety of factors including past performance and the NBT Board's expectations for improvement in the future. The CEO and senior executive management review executive compensation throughout the year. The CEO presents recommendations for compensation for the Executive Management Team to the Committee each year prior to year-end for their approval. The committee annually reviews the CEO's performance against pre-established goals and with respect to the performance of NBT. The committee considers improvements in historical measures such as ROA, ROE, profit levels, non-performing assets to total assets and net non-interest expense to total expense in its assessment of performance. While net income was down \$0.7 million or 3.8% in 1999 from 1998, income before taxes of \$30.0 million in 1999 improved dramatically by \$6.3 million, or 26.7%, over the 1998 amount of \$23.7 million. The efficiency and expense ratios also improved. NBT maintained safety and soundness and once again received a "blue ribbon" and "five star" ratings by outside agencies.

BASE SALARY. Although not specifically weighted, the committee considered the performance of each executive, the level of responsibility, and current inflationary indices in establishing base salaries for executive officers. The committee has established salary ranges with the assistance of the salary and benefits consultant; salary ranges are based upon responsibility, experience, and individual performance. Mr. Forsythe receives an annual salary of \$300,000 for 2000. In determining Mr. Forsythe's salary, the committee took into consideration the salaries of CEOs of similar-sized banks, the performance of the Bank, and the recommendations of the salary consultant.

EXECUTIVE INCENTIVE COMPENSATION PLAN. The committee, working with an outside salary and benefits consultant, designed the current incentive plan that links the payout with stockholder interests. The committee reviews the compensation plan annually. The compensation plan, as it now exists, has three components which determine the potential award within such plan: Return on Assets, Return on Equity, and a net income goal. The compensation plan has a minimum net income requirement before any payout is possible. There are participative levels within the compensation plan which range from the maximum payout being 75% of salary for presidents of NBT's subsidiaries and 30% for the lowest level. Each level has a corporate performance component and an individual performance component. The corporate component is 80% and the personal component is 20% for the highest level below CEO. The committee sets "stretch" targets under the plan.

The executive incentive compensation plan established a separate level for the CEO. The compensation plan provided for a maximum payout of 80% of salary with the range of the bonus awarded being based on corporate performance. Mr. Forsythe's bonus earned in 1999 was \$200,000 (66.7%). The bonus was paid in 2000.

The committee evaluated other executives receiving bonuses on the basis of comparisons to predetermined corporate and personal goals. Each officer achieved a majority of his goals and received bonuses comparably.

STOCK OPTION PLAN. In order to provide long-term incentives to key employees, including executive officers, to encourage share ownership by key officers, and to retain and motivate key officers to further stockholder returns, NBT has a Stock Option Plan. The committee believes that stock options, which provide value to participants only when NBT's stockholders benefit from stock price appreciation, are an important component of NBT's executive compensation program. The number of options currently held by an officer is not a factor in determining individual grants. The value of stock options granted in 1999 ranged from 250% of base compensation at the CEO level down to 1,000 shares for selected individuals. "Value" is determined by multiplying the number of options granted by the fair market value of the NBT common stock which underlies such options on the date of the grant. With respect to the options granted in 1999 to the CEO and to all other selected officers, the committee in making the awards considered the various factors referred to above, especially the growth of NBT, its financial condition, and profitability. The committee did not apply any specific weighting to the factors considered. The number of options which the committee granted to the officers was based upon individual performance and level of responsibility, subject to committee-imposed restrictions. The Committee determined that the award level must be sufficient in size

to provide a strong incentive for participants to work for long-term business interests of NBT, thereby creating additional stockholder value resulting from the appreciation of NBT stock, and to become significant owners of NBT. Options are granted at the fair market value of NBT's stock at the time of grant. Under the 1993 Plan, options vest at the rate of 40% after one year of date of grant and an additional 20% each year thereafter. Since an option gives the officer only the right to buy these shares at a fixed price over a future period, the compensation value is derived by the incentive to increase shareholder value in the future; hence, the motivation to improve NBT's performance.

MEMBERS OF THE COMPENSATION AND BENEFITS COMMITTEE

Andrew S. Kowalczyk, Jr.- Chairman
Everett A. Gilmour
Dr. Peter B. Gregory
Paul O. Stillman
John C. Mitchell
Richard F. Monroe
William L. Owens

401(k) AND EMPLOYEE STOCK OWNERSHIP PLAN

NBT amended the Employee Stock Ownership Plan and 401(k) Plan, merging the two plans together effective January 1, 1997. This merged and amended 401(k) and Employee Stock Ownership Plan is for the exclusive benefit of eligible employees and their beneficiaries. The Plan is administered by NBT Bank. Discretionary and matching contributions are primarily in NBT's common stock. The stock is voted by the Plan's Trustees only as participants direct the Trustees to vote by properly executing a proxy. At December 31, 1999, the Plan owned 883,321 shares of NBT's common stock, 6.74% of total shares outstanding.

All employees of NBT and NBT Bank are eligible to participate in the plan after one year's service, if they are at least 21 years of age and complete 1,000 hours of service during the year. The Plan provides for partial vesting of an employee's interest in the Plan at 20% per year with 100% vesting being achieved after five years of qualified service.

However, 401k participants are eligible to make salary reduction contributions after the date of hire if they are scheduled to work 1,000 hours in a twelve-month period. The plan provides that an eligible employee may elect to defer up to 15% of his or her salary for retirement (subject to a maximum limitation of \$10,000) and that NBT or NBT Bank will provide a matching contribution of 100% of the first 5% of the employee's deferred amount. In 1999, NBT or NBT Bank provided a matching contribution to Mr. Forsythe of \$8,000, Mr. Minor of \$8,000, Mr. Dietrich of \$8,000, Mr. Chewens of \$7,692 and Mr. Roberts of \$8,000. These payments are reflected in the Summary Compensation Table.

For the ESOP, NBT makes discretionary contributions, as determined annually by the NBT Board, to a separate trust for the benefit of the eligible employees and their beneficiaries. Annual contributions may not exceed amounts deductible for federal income tax purposes. Employer contributions are allocated among all participants in proportion that each participant's compensation for the plan year bears to the total compensation of all participants for the plan year (compensation for the plan is defined as total compensation during a Plan Year that is subject to income tax and reflected on the W-2 Form, but including a salary reduction contribution to any plan or arrangement maintained by the company, and excluding distributions from non-qualified plans, income from the exercise of stock options, and severance payments). The NBT Board may amend the plan at any time.

The value of a participant's ESOP account is the total of allocated employer contributions, employee salary deferrals, plus the earnings on those contributions and deferrals, plus or minus any gain or loss on the investment of the contributions and deferrals.

Normal retirement age under the Plan is 65. The Plan also provides for early retirement at age 55 and disability retirement at any age. In the event a participant dies before retiring under the Plan, the value of his or her account in the Plan will be paid to his or her beneficiary.

A participant's retirement benefit under the Plan is the value of his or her account at the date of retirement. Effective January 1, 1985, the normal form of retirement benefit for a married employee is a joint and survivor annuity; for an employee who is not married, a lump sum distribution of cash. Other available retirement options are: 1) installment payments of cash and 2) distributions of the account value in employer securities, both subject to obtaining spousal waivers.

As a qualified plan (under current law) employer contributions and employee salary deferrals are not currently taxed to employees; and retirement benefits will be taxable to employees when received from the Plan.

In 1999, NBT made a discretionary contribution of \$487,384 to the Plan. The Summary Compensation Table reflects payments made to NBT's named executive officers under the Plan.

STOCK OPTION PLAN

The NBT Board adopted stock option plans in 1986 and in 1993, which the NBT stockholders approved at the 1987 and 1993 Annual Meetings, respectively, and amended the 1993 plan which the stockholders approved at the 1998 Annual Meeting. The purposes of the plans are to encourage ownership of capital stock of NBT by officers and other key employees of NBT and its subsidiaries in order to help attract and retain in its service persons of exceptional competence, to furnish added incentives for them to increase their efforts on behalf of NBT, and to gain for NBT the advantages inherent in key employees having an ownership interest in NBT. Upon approval of the 1993 Stock Option Plan, the 1986 plan was "frozen" and NBT may not grant any new options or stock appreciation rights under that plan.

The 1993 Plan is intended to promote the interests of NBT and its stockholders by ensuring continuity of management and increased incentive on the part of officers and other key management employees of NBT and its subsidiaries responsible for major contributions to effective management, through facilitating their acquisition of equity interests in NBT.

The 1993 Plan authorizes the granting of options to purchase shares of the NBT common stock to officers and key management employees of NBT and its subsidiaries. Common stock issued under the 1993 Plan may be authorized but unissued common stock or reacquired common stock, or both. The 1993 Plan is administered by the NBT Board, the Compensation and Benefits Committee, or a subcommittee of that committee, consisting of at least three NBT Directors who are disinterested directors as defined by Rule 16b-3 adopted by the SEC under the Securities Exchange Act of 1934.

The committee (or subcommittee, as the case may be) is authorized to determine the employees to whom grants of options may be made under the 1993 Plan, the number and terms of options to be granted to each employee selected, the time or times when options will be granted, the period during which options will be exercisable, and the exercise price per share of common stock. The exercise price may not be less than the fair market value of a share of common stock at the date of the option grant.

The recipient of options granted to an employee under the 1993 Plan may not transfer his or her options otherwise than by will or by the law of descent and distribution, and such option may be exercisable during that person's life only by him or her. No option may be exercisable after the expiration of ten years from the date the option is granted. The terms of an option must provide that it is exercisable only in specified installments during the option period: to the extent of forty percent of the number of shares originally covered 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 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 of such number of shares will be eligible for exercise by the recipient. The installments are cumulative. Upon termination of his or her employment, options will be exercisable to the extent that he or she was entitled to exercise the option at the date of termination; upon the employee's death, the option will become exercisable in full on the date of death.

The 1993 Plan provides that it will expire on April 18, 2008. The 1993 Plan provides that for each share of common stock purchased by an optionee upon the exercise of a stock option, the optionee will receive a replacement option to purchase another common share. Granting of a replacement option is subject to the express approval of the NBT Board or committee. The 1993 Plan provides that immediately upon the occurrence of a change in control of NBT, all outstanding options will immediately vest and become exercisable in full. If an optionee's employment with NBT or its subsidiaries is terminated for cause, the optionee's options will be canceled and rendered null and void on the date the employment is terminated.

The 1993 Plan provides that, if there occurs a change in the number of outstanding shares of common stock by reason of a stock split, stock dividend, recapitalization, reclassification, merger, consolidation, combination or exchange of shares or other similar event, the Committee may, in its discretion, make such adjustments as may be equitably required in the number of shares that may be issued under the 1993 Plan, in the number of shares which are subject to outstanding options, and in the purchase price per share relating to the outstanding options.

The NBT Board may amend the 1993 Plan at any time without the approval of the stockholders of NBT, but no amendment which (a) increases the aggregate number of shares as to which options may be granted under the 1993 Plan (other than equitable adjustments referred to in the immediately preceding paragraph which will not constitute amendments), (b) changes the class of persons eligible to receive options, (c) changes the provisions of the 1993 Plan regarding the option price, (d) extends the period during which options may be granted, (e) extends the maximum period after the date of grant during which options may be exercised, or (f) changes the provision in the 1993 Plan as to qualification for membership on the committee will be effective unless and until the amendment is approved by the stockholders of NBT. In the event of a dissolution or liquidation of NBT or a merger or consolidation in which NBT is not to be the surviving corporation or a sale of substantially all the assets of NBT to another corporation, every option outstanding under the 1993 Plan will terminate, except that the optionee will have the right to exercise, prior to or simultaneously with such event, his option to purchase any or all shares then subject to the option, including those, if any, which have not theretofore become available for purchase under other provisions of the 1993 Plan.

As of December 31, 1999, 1,676,947 shares of its common stock have been reserved for issuance under the Plans. In 1999, NBT granted non-qualified options, which expire in 2009, for 218,825 shares to 53 key employees, at option prices ranging from \$17.12 to \$20.60. Options for 817,890 shares were outstanding at December 31, 1999 with option prices ranging from \$5.84 to \$20.60 per share for all officers as a group. All grants of options were at 100% of fair market value as of date of the grant. We have adjusted Options and option prices for all stock dividends to date.

FEDERAL INCOME TAX CONSEQUENCES

Under the present provisions of the Internal Revenue Code of 1986, as amended, the federal income tax consequences of the 1993 Plan are as follows: the granting of a non-qualified option to an employee will not result in taxable income to the recipient or a deduction in computing the income tax of NBT or any subsidiary. Upon exercise of a non-qualified option, the excess of the fair market value of the shares acquired over the option price is (a) taxable to the optionee as ordinary income and (b) deductible in computing NBT's income tax, subject to satisfying applicable withholding requirements and general rules relating to reasonableness of compensation.

EXECUTIVE INCENTIVE COMPENSATION PLAN

NBT adopted, effective January 1, 1992, an Executive Incentive Compensation Plan to promote individual motivation for the achievement of NBT's financial and operating objectives and to aid in attracting and retaining

highly qualified personnel. Pursuant to the compensation plan, officers of NBT are eligible to receive cash in the event certain performance criteria are satisfied. The operation of the compensation plan is predicated on NBT's attaining and exceeding management performance goals. The goals consist of return on average assets, return on stockholders' equity, and the level of net income. Unless a participant elects to have all or a portion of his or her award deferred, distribution of awards will be made in cash during the first quarter after year-end. The Compensation and Benefits Committee must approve all distributions. This committee has broad discretion in determining who will be eligible to receive incentive compensation awards and has full power and authority to interpret, manage, and administer the compensation plan. The compensation plan provides that the Chief Executive Officer of NBT will recommend to the committee the amounts to be awarded to individual participants. The Chief Executive Officer may also recommend a change beyond the formula to a bonus award to a participant. The committee has the authority to amend the recommendation.

The committee makes bonus awards in accordance with an established formula. An employee will be placed into a particular level, according to the participant's office and responsibility. Depending upon the particular level, the 2000 award will range from 0% to 50% of the participant's regular salary at the lowest level to 0% to 80% of the salary at the CEO level. The formula provides that the financial criteria necessary for plan operation consist of return on average assets, return on equity, and the level of net income. Incentive distributions will be based upon attainment of corporate performance goals to establish the total awards. The total awards, in turn, will be determined by reference to both corporate and individual components. The corporate component will be determined by attainment of corporate goals (as established by the Committee) and the individual component will be determined by attainment of individual goals (objectives mutually agreed upon between participants and the Chief Executive Officer). The corporate component will range from 100% for the highest level (the President and Chief Executive Officer) to 50% for the lowest level, whereas the individual component will range from 0% for the highest level to 50% for the lowest level.

The compensation plan requires that the Chief Executive Officer will have purchased such number of shares of NBT common stock as will equal at the end of the five years twice his or her current base salary.

In addition, the compensation plan also requires that the Presidents of any of NBT's subsidiaries will have purchased such number of shares of NBT common stock as will equal at the end of five years from their appointment as President his or her current base salary.

We include the amount of incentive compensation awards to the individuals named in the Summary Compensation Table in the "Bonus" column of that table. We made payments of bonuses for 1999 under the Plan in January 2000.

PERSONAL BENEFITS

During the past fiscal year, no director, officer or principal stockholder or members of their respective families received any banking services or other benefits, including use of any staff, facilities or properties of NBT, not directly related to job performance and not generally available to all employees of NBT. We routinely provide health insurance and group life insurance to all staff members.

RELATED PARTY TRANSACTIONS

NBT Bank has had, and expects in the future to have, transactions in the ordinary course of business with directors and officers of NBT and NBT Bank on the same terms as those prevailing at the time for comparable transactions with others. NBT Bank has extended credit to its directors and officers and their business interests. The total of these loans was \$3,563,357, \$4,441,730 and \$6,401,538 at December 31, 1997, 1998, and 1999, respectively, representing 2.9%, 3.4% and 5.1% of equity capital at those dates, respectively. The highest aggregate amounts outstanding on such loans during 1997, 1998, and 1999 were \$5,008,597, \$5,313,091, and \$7,140,566, respectively, which represented 4.0%, 4.1% and 5.6% of equity capital at those interim dates, respectively.

NBT Bank made all outstanding loans to such persons in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and, in the opinion of management, do not present more than normal risk of collectability or present other unfavorable features. Based upon the information available to it, NBT Bank does not consider that any of the officers or directors of NBT Bank or NBT had a material interest in any transactions during the last year, except as stated above, or have such an interest in any proposed transactions.

PERFORMANCE GRAPH

The following graph compares the cumulative total shareholder return (i.e., price change, reinvestment of cash dividends and stock dividends received) on NBT's common stock against the cumulative total return of the NASDAQ Stock Market (US Companies) Index and the Index for NASDAQ Financial Stocks. The stock performance graph assumes that \$100 was invested on December 31, 1994. The graph further assumes the reinvestment of dividends into additional shares of the same class of equity securities at the frequency with which dividends are paid on such securities during the relevant fiscal year. The yearly points marked on the horizontal axis correspond to December 31 of that year. We calculate each of the referenced indices in the same manner. All are market-capitalization-weighted indices, so companies judged by the market to be more important (i.e., more valuable) count for more in all indices.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN AMONG NBT BANCORP INC., THE INDEX FOR NASDAQ FINANCIAL STOCKS, AND THE NASDAQ STOCK MARKET (US COMPANIES) INDEX.

(FOLLOWING IS A TABULAR PRESENTATION OF DATA POINTS FOR THE GRAPH WHICH APPEARS HERE IN THE PAPER COPY)

Measurement Period (Fiscal Year Covered)	NBT BANCORP INC.	NASDAQ Financial Stock Index	NASDAQ Composite Index (US Companies)
4Q94	\$100.00	\$100.00	\$100.00
1Q95	\$ 97.70	\$110.70	\$108.90
2Q95	\$ 99.96	\$119.40	\$124.65
3Q95	\$102.23	\$134.65	\$139.59
4Q95	\$114.65	\$145.16	\$140.95
1Q96	\$112.23	\$149.69	\$147.82
2Q96	\$108.96	\$151.61	\$159.00
3Q96	\$113.16	\$165.72	\$164.71
4Q96	\$127.74	\$185.63	\$173.41
1Q97	\$139.45	\$192.95	\$164.18
2Q97	\$193.26	\$225.04	\$194.09
3Q97	\$190.89	\$262.56	\$227.07
4Q97	\$206.41	\$290.88	\$211.79
1Q98	\$215.36	\$304.27	\$247.83
2Q98	\$261.97	\$293.40	\$256.04
3Q98	\$239.20	\$242.08	\$229.14
4Q98	\$257.11	\$282.83	\$296.88
1Q99	\$231.49	\$273.19	\$333.51
2Q99	\$229.21	\$295.34	\$364.24
3Q99	\$195.47	\$247.56	\$372.63
4Q99	\$185.68	\$257.48	\$552.47

PROPOSAL 2
(ONLY STOCKHOLDERS OF NBT)

PROPOSAL TO RATIFY THE BOARD OF DIRECTORS ACTION IN SELECTION OF KPMG LLP AS
NBT'S INDEPENDENT AUDITOR

The NBT Board upon the recommendation of the Audit, Compliance and Loan Review Committee has appointed KPMG LLP as independent auditor of NBT to examine the financial statements of NBT for the fiscal year ending December 31, 2000. KPMG LLP (and its predecessors) has served as NBT's independent auditor since January 1987. Ratification of such appointment will require the affirmative vote of the holders of a majority of the shares of NBT common stock represented at the annual meeting in person or by proxy and entitled to vote. THE NBT BOARD RECOMMENDS A VOTE FOR PROPOSAL 2. In the event the NBT stockholders fail to ratify this appointment, the NBT Board will consider such negative vote as a directive to select other auditors for the current year. The named agents will vote proxies FOR this proposal unless stockholders specify otherwise in their proxies.

We expect representatives of KPMG LLP to be present at the NBT annual meeting. Those representatives will have an opportunity to make a statement if they desire to do so and will also be available to respond to appropriate questions.

PROPOSAL 3
(ONLY STOCKHOLDERS OF NBT)

APPROVAL OF THE NBT EMPLOYEE STOCK PURCHASE PLAN

On March 9, 2000, the NBT Board adopted the NBT Employee Stock Purchase Plan (the "ESPP"), effective March 31, 2000, for the benefit of its employees and reserved 500,000 shares of NBT common stock for issuance under the ESPP, subject to stockholder approval within 12 months of Board approval.

At the annual meeting, the NBT stockholders are being asked to approve the ESPP, including the NBT Board's reservation of shares under the ESPP for the purpose of qualifying such shares for special tax treatment under Internal Revenue Code Section 423.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE NBT EMPLOYEE STOCK PURCHASE PLAN AND THE RESERVATION OF SHARES FOR ISSUANCE UNDER THE PLAN.

VOTE REQUIRED

Approval of the ESPP requires the affirmative vote of a majority of the shares of common stock represented at the annual meeting in person or by proxy and entitled to vote at the meeting.

SUMMARY OF THE ESPP

General. The purpose of the ESPP is to provide employees of NBT and its subsidiaries with an opportunity to purchase shares of NBT common stock and, therefore, to have an additional incentive to improve their job performance and to contribute to the prosperity of NBT. There will be no brokerage or service charges to employees purchasing stock under the ESPP.

Administration. The ESPP is administered by the Compensation and Benefits Committee appointed by the NBT Board. The committee will consist of no fewer than two members of the NBT Board. The committee has full power to interpret the ESPP, and the decisions of the NBT Board and the committee are final and binding upon all participants. Members of the committee are not permitted to participate in the ESPP. NBT will pay all costs of administration of the ESPP.

Eligibility. Any person who is employed by NBT or one of its subsidiaries in December is eligible to participate in the ESPP during an annual offering period beginning on the following January 1. Additionally, employees of NBT or one of its subsidiaries on March 30, 2000 will be eligible to participate in the ESPP during calendar 2000. However, no employee is eligible to participate in the ESPP to the extent that, immediately after the grant, that employee would own 5% of either the voting power or the value of NBT's common stock, and no employee's rights to purchase NBT common stock under the ESPP may accrue at a rate that exceeds \$25,000 per calendar year. Eligible employees become participants in the ESPP by filing with NBT an authorization form authorizing payroll or commission deductions on a date set by the committee. As of February 25, 2000, approximately 697 NBT employees, including ten executive officers, were eligible to participate in the ESPP. Non-employee directors are not eligible to participate in the ESPP.

Participation in an Offering. The ESPP is implemented by an offering period during each calendar year. The initial offering period will commence on March 31, 2000. Following this initial offering period, all future offering periods will commence on January 1. Persons who become NBT employees after March 30, 2000 will be eligible to participate in the ESPP on the first January 1 after the employee becomes employed by NBT. Each employee, in order to participate in the ESPP, must authorize payroll deductions pursuant to the ESPP.

Such payroll deductions may not be less than 1% nor more than 10% of a participant's compensation and are also subject to the limitations discussed above. A participant may not increase or decrease his or her rate of

contribution through payroll deductions during the calendar year for that year's NBT common stock purchases. Each participant who has elected to participate is automatically granted an option to purchase shares of common stock upon the commencement of his or her participation in the ESPP. The option expires on December 31 of that calendar year when common stock purchases are made. The option is exercised on December 31 to the extent of the payroll or commission deductions accumulated during that calendar year. The number of shares that may be purchased by an employee during any calendar year is subject to the limitations discussed below.

Purchase Price. The option price of shares of NBT common stock purchased under the ESPP will be the lower of 85% of the fair market value of NBT common stock on (a) January 1 (or March 31, 2000 in the initial year of the ESPP) or (b) December 31 of that calendar year. In general, the ESPP defines fair market value as the average of the closing or last prices of NBT common stock on the Nasdaq National Market for the ten consecutive trading days immediately preceding such date.

Shares Purchased. The number of shares of NBT common stock a participant purchases in each calendar year is determined by dividing the total amount of payroll deductions withheld from the participant's compensation during that calendar year by 85% of the fair market value of the NBT common stock on January 1 of that calendar year (or March 31, 2000 in the initial year of the ESPP). The committee will establish a book entry account for each participant. The committee will credit shares of NBT common stock to each participant's respective account in whole shares and fractions of a share to one one-thousandth of a share (three decimal places). NBT common stock issued under the ESPP may not be sold by a participant and is not transferable, other than to the participant's estate or by bequest or inheritance, incident to the participant's divorce, or due to the participant's immediate and heavy financial need, for one year after the date of purchase. Shares credited to a participant's book entry account will be held in uncertificated form for a period of one year from the date of purchase, except as provided above and in the case of a participant's termination of employment. Thereafter, participants may obtain stock certificates for those shares that have been held for one year in their respective book entry accounts upon submitting a written request to the committee.

Termination of Employment. Termination of a participant's employment for any reason, excluding death, immediately cancels his or her option and participation in the ESPP. In that event, the payroll deductions credited to the participant's account will be returned to him or her with interest. In the case of death, the participant's beneficiary, executor or administrator may elect either to withdraw the amount credited to the employee's account during the calendar year from payroll deductions with interest or to exercise that employee's option on the December 31st next following the employee's death for the number of shares of NBT common stock which the employee's payroll deductions prior to death will purchase at the applicable option price.

Adjustments Upon Changes in Capitalization, Merger or Sale of Assets. In the event that NBT common stock is changed by reason of any reorganization, recapitalization, reclassification, merger, consolidation, spin-off, stock dividend, stock split or other similar changes in NBT's capital structure, appropriate proportional adjustments may be made in the number of shares of stock subject to the ESPP, the number of shares of stock to be purchased pursuant to an option and the price per share of common stock covered by an option. The NBT Board will make any such adjustment and the Board's determination will be conclusive and binding.

Amendment and Termination of the Plan. The NBT Board may terminate or amend the ESPP at any time, except that it may not increase the number of shares subject to the ESPP, amend the requirements as to employee eligibility to participate in the ESPP, or permit the members of the committee or non-employee directors to purchase NBT common stock under the ESPP. The ESPP will continue until the earlier of the date on which plan participants shall have purchased the total number of shares available for purchase under the ESPP or such earlier date that the NBT Board terminates the ESPP.

Withdrawal. Generally, a participant may withdraw from the ESPP at any time during the calendar year prior to December 31 (or the date of option exercise if before December 31).

New Plan Benefits. Because benefits under the ESPP will depend on employees' elections to participate and the fair market value of NBT common stock at various future dates, it is not possible to determine the benefits that will be received by executive officers and other NBT employees if the NBT stockholders approve the ESPP.

FEDERAL INCOME TAX CONSEQUENCES

The plan is intended to qualify under the provisions of Section 423 of the Code. No income will be realized for federal income tax purposes by an employee upon the purchase of shares under the plan.

The manner in which an employee will be taxed upon the disposition of shares depends on whether the disposition occurs before or after the end of the required holding period. The required holding period ends on the later of the following dates: (i) two years after the date on which the right to purchase shares was granted, or (ii) one year after the date the shares were purchased.

If disposition occurs after the end of the required holding period, the gain on sale of the shares (or their increase in value in the event of death prior to sale) will, under the present provisions of the Code, be taxed as ordinary income to the extent of the lesser of (i) an amount equal to the difference between the fair market value of the shares on the date of grant and 85% of such value on such date or (ii) an amount equal to the difference between the fair market value of the shares at the time of disposition and the amount paid for such shares under the plan. Any additional gain will be treated as long-term capital gain assuming the shares are capital assets in the employee's hands. If the required holding period is met, NBT will not be entitled to any deduction for federal income tax purposes with respect to that stock.

If disposition occurs before the end of the required holding period, the gain on the sale of the shares will, under the present provisions of the Code, be taxed as ordinary income to the extent of the difference between the purchase price of the shares and the fair market value of the shares on the date the shares were purchased, and such difference will be deductible by NBT for federal income tax purposes and any remaining gain or loss would be treated as a short-term capital gain or loss.

We do not intend the previous paragraphs to be a complete statement of the federal income tax consequences of the plan. Moreover, no consideration has been given to state, local or other tax consequences.

The foregoing is only a summary of the ESPP and is qualified in its entirety by reference to its full text, a copy of which we attach to this joint proxy statement/prospectus as Appendix E.

PROPOSAL 4

(ALL STOCKHOLDERS OF NBT AND ALL STOCKHOLDERS OF PIONEER AMERICAN)

THE ISSUANCE OF NBT COMMON STOCK IN THE MERGER AND RATIFICATION OF THE MERGER AGREEMENT

The following summary describes the material terms and provisions of the merger agreement and the merger. We have attached a copy of the merger agreement to this joint proxy statement/prospectus as Appendix A, and we have incorporated it into this document by reference. We urge all stockholders to read the merger agreement carefully in its entirety. We qualify this summary in its entirety by reference to the merger agreement.

GENERAL

We expect to complete the merger in the second quarter of 2000. NBT will be the surviving corporation in the merger. Each share of NBT common stock issued and outstanding immediately prior to the effective time of the merger will remain issued and outstanding as one share of common stock of NBT. Each share of Pioneer American common stock issued and outstanding at the effective time of the merger will convert into the right to receive 1.805 shares of NBT common stock upon completion of the merger.

Upon completion of the merger, NBT will issue to the former Pioneer American stockholders 1.805 shares of NBT common stock for each share of Pioneer American common stock outstanding as of the effective time of the merger. If there are no stockholders of Pioneer American who shall have exercised their dissenters' rights with respect to the merger and to whom NBT shall have paid cash in exchange for their dissenting shares of Pioneer American common stock, NBT will issue an aggregate of approximately 5.2 million of its shares of common stock to the former Pioneer American stockholders at the effective time of the merger. Under the regulations of the Nasdaq Stock Market, NBT must receive the approval of its stockholders prior to its issuance of its common stock to the former Pioneer American stockholders in the merger. Nasdaq regulations require the affirmative vote of a majority of the shares of NBT common stock present, in person or by proxy, and voting and entitled to vote at the NBT annual meeting to approve the share issuance proposal.

Under the merger agreement, Levon Acquisition Company, a newly organized Delaware corporation formed solely for the purpose of the merger, will merge with and into Pioneer American, the separate corporate existence of Levon will cease, and Pioneer American will survive and continue its corporate existence under the laws of the Commonwealth of Pennsylvania. The merger of Levon with and into Pioneer American will become effective upon the filing of the Certificate of Merger with the Secretary of State of the Commonwealth of Pennsylvania or at such later time specified in the Certificate of Merger. Immediately following the completion of that merger, Pioneer American will merge with and into NBT, the separate corporate existence of Pioneer American will cease, and NBT will survive and continue its corporate existence under the laws of the State of Delaware. We refer below to these two mergers collectively as the merger. Subject to the satisfaction or waiver of conditions set forth in the merger agreement and described in "The Issuance of NBT Common Stock in the Merger and Ratification of the Merger Agreement -- Conditions to Complete the Merger," the merger of Pioneer American with and into NBT will become effective upon the filing of the Certificate of Merger with the Secretary of State of the State of Delaware or at such later time specified in the Certificate of Merger. We refer below to the time of effectiveness of the merger between Pioneer American and NBT as the effective time of the merger.

The NBT Certificate of Incorporation will be the Certificate of Incorporation of the combined company upon completion of the merger. The NBT bylaws will be the bylaws of the combined company.

BACKGROUND OF THE MERGER

The senior managements of NBT and Pioneer American have from time to time considered the possibility of acquisitions of and strategic combinations with other financial institutions, including other bank holding companies. As part of their long term planning, the NBT Board and the Pioneer American Board have periodically reviewed and evaluated various strategic options and alternatives available to maximize the economic return to their stockholders. In considering and engaging in these transactions, NBT and Pioneer American have taken into account various factors, including their potential strategic fit with these institutions based upon their businesses (both banking and non-banking), their management and employee cultures, and the geographic location and breadth of their businesses. In addition, in view of recent trends toward consolidation in the financial services industry regionally and nationally, the senior managements of NBT and Pioneer American have from time to time had informal discussions with senior managements of other comparably-sized financial institutions regarding potential business combination transactions. Prior to the time when NBT and Pioneer American began their initial discussions, NBT and Pioneer American had never conducted discussions between themselves.

Prior to its discussions with Lake Ariel, a bank holding company located in Lake Ariel, Pennsylvania, which NBT acquired in February, 2000, all of NBT's previous discussions to explore growth opportunities through acquisitions of branches and/or banks related to New York financial institutions and during the 1997-1999 period had not culminated in an acquisition opportunity that NBT deemed of merit. The Pioneer American Board had recognized the need for Pioneer American to be larger in order to respond to the demands of the financial industry market and to better compete within the industry. From time to time, the Pioneer American Board has considered acquisitions, both as a seller and buyer, but these considerations had not materialized to the point where serious potential transactions could be negotiated.

In April 1999, the Pioneer American Board retained Danielson Associates Inc. ("Danielson Associates") as a financial advisor relative to a potential equal merger opportunity with a local bank. At about the same time, Pioneer American received an unsolicited offer from another local bank, and Danielson Associates was also asked to review this unsolicited offer and report on other possible affiliations. As a result of Danielson Associates' report, there was a meeting with a third bank, a Philadelphia area bank, that had expressed interest in buying Pioneer American. After considerable discussion with Pioneer American and Danielson Associates, the Philadelphia area bank decided not to proceed further.

In May 1999, Arnold G. Danielson of Danielson Associates met with the Board of Pioneer American to review the relative merits of the above-referenced unsolicited offer with a local bank, the equal merger opportunity from the other local bank and continuing on as an independent bank. While the Pioneer American Board was of the opinion that continuing on as an independent bank may not be possible over the long-run, it also felt that the two affiliation considerations at hand were not in the best interest of its shareholders and the other parties were informed of this decision.

During the September 1, 1999, meeting of the NBT Board, there was a discussion of the potential opportunity to merge Pioneer American into NBT. The concept would be to acquire Pioneer American and merge it with LA Bank to form a large, locally managed, community bank in northeastern Pennsylvania. The "new bank" would be operated as a wholly owned subsidiary of NBT. After discussion, the Board authorized Daryl R. Forsythe, President and Chief Executive Officer of NBT, to pursue the opportunity. In mid-September 1999, Mr. Forsythe contacted Arnold Danielson of Danielson Associates to express NBT's interest in increasing its market share in northeastern Pennsylvania beyond the potential created by the pending Lake Ariel merger.

In September 1999, Pioneer American was approached by NBT as to a possible affiliation, which would increase NBT's coverage of northeastern Pennsylvania beyond what would be created by its pending acquisition of Lake Ariel. In response to this inquiry, the Pioneer American Board asked Danielson Associates to review the pros and cons of a possible merger with NBT, including its relative merits vis-a-vis other potential affiliations, and, as result of this review, the Pioneer American Board authorized its president, John W. Reuther, to pursue discussions with NBT and to further evaluate the interests of other potential affiliation candidates. As part of further evaluating the interest of others, the Pioneer American Board directed that the local bank that had shown an interest in affiliating with Pioneer American in the spring be given a chance to improve its earlier offer.

The local bank, upon notification of a possible sale of Pioneer American, reaffirmed its earlier interest. This resulted in a meeting between Board members of the two banks and a presentation to Pioneer American's Board by the investment banker for the local bank. A representative of Danielson Associates also attended this meeting.

Prior to this meeting, the Pioneer American Board visited NBT headquarters in Norwich, NY on October 6, 1999. The purpose of the meeting was to meet Mr. Forsythe and certain members of the NBT executive management team (Martin A. Dietrich, President and Chief Operating Officer of NBT Bank; Joe C. Minor, President and Chief Operating Officer of NBT Financial Services; Michael J. Chewens, Executive Vice President and Chief Financial Officer; Jane Neal, Executive Vice President and Director of Human Resources and John D. Roberts, Executive Vice President and Chief Trust Officer) and to become more familiar with NBT and its markets.

Between September 28, 1999 and mid-October 1999 the parties exchanged financial information under a customary confidentiality agreement. On October 19, 1999, Mr. Forsythe visited Mr. Reuther in Carbondale to present a letter of intent, which outlined the general terms of a potential affiliation with NBT. This letter of intent was taken under consideration by Mr. Reuther and the Pioneer American Board.

On November 2, 1999, Mr. Forsythe met with Mr. Reuther and the Pioneer American Board in Carbondale to clarify the terms of the letter of intent and to offer to extend the letter of intent to November 19, 1999, to give the Board more time to consider the NBT proposal. Several items were discussed, including the proposed structure, Board seats, deal parameters and growth opportunities that could result if the merger of LA Bank and Pioneer American with NBT were to occur.

On November 4, 1999, Mr. Forsythe sent Mr. Reuther a letter which extended the October 19, 1999 letter of intent to November 19, 1999, expanded the potential NBT Board seats to be offered to Pioneer American directors to three and adjusted the exchange ratio to reflect the recently announced 5% stock dividend. The letter also further discussed the merits of the merger and presented Pioneer American with NBT's due diligence information request.

On November 17, 1999, the Pioneer American Board met to consider the offer of NBT and other possibilities. Mr. Danielson reviewed the NBT offer and discussed other possibilities, in general, including staying independent. It was Pioneer American's investment banker's opinion that, the NBT offer was a good offer; there was no other bank likely to make an offer that was as favorable for Pioneer American shareholders as the offer from NBT; Pioneer American shareholders would be best served by an affiliation with a larger bank; NBT had a better historic financial performance; greater stock liquidity; superior technology and a more diversified product line than other sale opportunities. After extensive discussion, the Pioneer American Board voted to pursue an affiliation with NBT with the goal of arriving at a definitive agreement as soon as possible.

On November 23, 1999 and November 24, 1999, Pioneer American's due diligence team visited the corporate office of NBT to perform the necessary due diligence as suggested by counsel and mandated by the Pioneer American Board. Items reviewed were

- o corporate documents;
- o financial reports;
- o regulatory and legal compliance reports;
- o tax returns and related matters;
- o board of directors and management information;
- o transactions between directors, officers, employees and their affiliates;
- o compensation committee interlocks and insider participation information, personnel policies, procedures and benefits;
- o schedule of office locations, facilities and related matters;
- o lending activities;
- o major non-performing asset and reserve policy information;
- o lawsuits, assessments and claims;
- o savings activities;
- o insurance coverage;
- o investment and liquidity policy; and
- o various other matters.

On November 22, 1999, the NBT due diligence team visited Pioneer American in Scranton to perform its review, which they completed on November 24, 1999. The NBT team reviewed similar types of information as had Pioneer American.

On November 26, 1999, counsel for NBT, Duane, Morris & Heckscher LLP, distributed to the parties a first draft of the definitive agreement for review by both parties. The parties at this time and during the following days discussed with their respective financial and legal advisors the terms of the draft of the merger agreement. Each company authorized its legal counsel to discuss revisions to the agreement with the intent of expediting the review process. Legal counsel for NBT circulated a second draft of the definitive agreement incorporating the negotiated revisions on December 4, 1999.

The Pioneer American Board held a special meeting on December 7, 1999. At the meeting, Pioneer American's advisors reviewed the terms of the draft merger agreement and related agreements, including the stock option agreement, the potential financial and strategic benefits of the transaction, and the financial and valuation analysis of the proposed transaction. The Board received a report on the results of the due diligence review. Counsel described the exchange ratio; how it was negotiated and the mechanisms for a termination in the event of an extraordinary decline in the price of NBT stock. Danielson Associates Inc. gave an analysis of the transaction and delivered its opinion that the exchange ratio was fair from a financial point of view to Pioneer American's stockholders. The Pioneer American Board authorized the execution of the merger agreement on the terms reviewed and discussed by the Pioneer American Board.

The NBT Board convened a special meeting on December 7, 1999, to review the Definitive Agreement negotiated with Pioneer American. David A. Budd and Michael Rasmussen from McConnell, Budd and Downes, Inc., NBT's investment banker, were present to go over the merger highlights. Brian Alprin, NBT's counsel from Duane, Morris & Heckscher LLP, was present by telephone and answered several legal questions regarding the documents. After discussion, the Board approved the agreement.

Each company made a public announcement on December 8, 1999.

RECOMMENDATION OF THE NBT BOARD AND NBT'S REASONS FOR THE STOCK ISSUANCE AND THE MERGER

The NBT Board believes that the issuance of its common stock to the former Pioneer American stockholders upon completion of the merger and the terms of the merger agreement are fair to, and in the best interests of, NBT and the NBT stockholders. Accordingly, the NBT Board has unanimously approved the stock issuance and the merger agreement and determined that the stock issuance and the merger and the other matters contemplated in the merger agreement are advisable. The NBT Board recommends unanimously that NBT's stockholders vote FOR approval of the stock issuance and the ratification of the merger agreement.

In reaching its determination and recommendation, the NBT Board consulted with NBT's management, as well as its financial advisors, legal counsel and accountants, and considered a variety of factors. The material factors considered by the NBT Board in reaching the foregoing determination and recommendation, all of which the NBT Board deemed favorable, are described as follows:

- o NBT's strategic expansion plans and acquisition objectives:
 - o its growth into new markets, in New York and other states; further extension of its franchise into northeastern Pennsylvania's largest metroplex (Wilkes-Barre/Scranton), thus building on the Lake Ariel acquisition, the effect of which would be a diversification of NBT's banking operations, and the anticipated improved stability of the combined company's businesses and earnings in varying economic and market climates relative to NBT on a stand-alone basis made possible by the merger as a result of substantially greater geographic and asset diversification;
 - o expansion of its opportunities for the delivery of its financial services, especially its trust services, and the belief that the larger size of the combined company would place the combined company in a stronger position to satisfy the financial needs of its expanded customer base, with increased product capabilities and services, respond to changes affecting the banking and

financial services industries, and compete more effectively with financial institutions within its expanded geographical service area;

- o the anticipated financial impact of the merger and subsequent combination with LA Bank to create the largest locally managed community bank in northeastern Pennsylvania on the combined company's future financial performance, including the expectation of the NBT Board that the merger will be accretive to the earnings of the combined company within the first full year of operation;
- o the anticipated effectiveness of the merger in allowing NBT to enhance stockholder returns by achieving efficiencies and cost savings through combining the two Pennsylvania banks into one large community bank, thus leveraging NBT's technology, management, infrastructure, products, marketing, and lines of business over a larger customer base, and ongoing operational cost savings, including general and administrative cost savings in areas such as information and accounting systems, telecommunications and professional fees, and operational efficiencies due to combining non-customer operations and due to critical mass in areas such as bulk purchasing and insurance;
- o the familiarity of the NBT Board with and review of Pioneer American's business, operations, financial condition, earnings and prospects, as well as those of NBT; in making its determination, the NBT Board took into account the results of NBT's due diligence review of Pioneer American's business;
- o the knowledge of the NBT Board of the current financial services industry environment, characterized by rapid consolidation, increased opportunities for cross-industry expansion, evolving trends in technology, and the need to anticipate and to best position NBT in light of industry trends;
- o the complementary nature of the businesses of NBT, Lake Ariel and Pioneer American, and the compatibility between the operational functions of the two companies' banking subsidiaries, NBT Bank, LA Bank and Pioneer American Bank, especially in commercial and community banking, asset management services, automobile lending, leasing, and mortgage banking, and the belief that the merger should enable the combined company to achieve many of its long-range goals more easily and with less risk than NBT could achieve without the merger;
- o the financial terms of the merger and the belief of the NBT Board that the cost of the merger in financial terms represents a reasonable investment by NBT in its determination to expand its banking franchise and the anticipated value to be received by NBT and its stockholders as a result of its investment in acquiring Pioneer American;
- o the likelihood of the merger being approved by the appropriate regulatory authorities;
- o the belief of the NBT Board that, while no assurances can be given, it was likely that the merger would be completed and that the business and financial benefits contemplated in connection with the merger are likely to be achieved within a reasonable time frame;
- o the structure of the merger and the terms of the merger agreement and the option agreement, including the fact that the exchange ratio provides reasonable certainty as to the number of shares of NBT's common stock NBT will issue in the merger and that NBT intends the merger to qualify as a transaction of the type that is generally tax-free for federal income tax purposes and as a pooling of interests for accounting purposes;
- o the opinion of McConnell, Budd & Downes to the NBT Board that, based on and subject to the considerations set forth in the opinion, the exchange ratio was fair from a financial point of view to the NBT stockholders;

- o consideration of the effect of the merger upon NBT's other constituencies, including the customers and communities served by NBT and its employees, including management of NBT, and the fact that the merger would allow the combined company to continue its significant presence in the regions currently served by NBT, including maintaining its headquarters in Norwich.

NBT does not intend this discussion of the information and factors considered by the NBT Board to be exhaustive, although this discussion does include all material factors the NBT Board considered. In reaching its determination to approve and recommend the merger agreement to the NBT stockholders for their approval, the NBT Board did not assign any relative or specific weights to the various factors considered, and individual directors of NBT might have weighed factors differently.

RECOMMENDATION OF NBT'S BOARD OF DIRECTORS

The NBT Board is unanimous in its recommendation that NBT stockholders vote FOR approval of the issuance of its common stock to the former Pioneer American stockholders at the effective time of the merger and ratification of the merger agreement and the merger.

RECOMMENDATION OF THE PIONEER AMERICAN BOARD AND PIONEER AMERICAN REASONS FOR THE MERGER

The Pioneer American Board believes that the terms of the merger agreement are fair and in the best interests of Pioneer American and its stockholders. In the course of reaching its determination, the Pioneer American Board consulted with legal counsel with respect to its legal duties and the terms of the merger agreement. The Pioneer American Board consulted with its financial advisor with respect to the financial aspects of the transaction and fairness of the exchange ratio from a financial point of view, and with senior management regarding, among other things, operations matters.

The following discussion of the information and factors considered by the Pioneer American Board is not intended to be exhaustive, but does include all material factors considered by the board. In reaching its decision to approve the merger agreement, the Pioneer American Board considered the following:

- o NBT's broader range of products and services that will become accessible to Pioneer American customers through the merger;
- o Consideration offered to Pioneer American shareholders in relation to the market value, book value, earnings per share and projected earnings per share of Pioneer American;
- o The quality of NBT and its operating history, including its products and services;
- o Historical results of operations, current financial condition and future prospects of Pioneer American and NBT;
- o The presentation by Danielson Associates Inc. as to the fairness of the exchange ratio provided for in the merger agreement from a financial point of view to Pioneer American's stockholders;
- o Current operating environment, including the continued consolidation and increasing competition in the banking and financial services industries and the prospect for further changes in these industries;
- o The compatibility of the operating culture of NBT and Pioneer American in community banking;
- o The results of the due diligence investigations of NBT undertaken by Pioneer American officers and representatives of Pioneer American's financial advisor, including NBT's investment portfolio, loan

portfolio and adequacy of loan loss reserves, funds management policies, employee benefit plans, Year 2000 compliance matters and audit procedures;

- o Detailed financial analysis, pro forma, and other information, with respect to Pioneer American and NBT discussed by the financial advisors;
- o That NBT intends that John W. Reuther, President and Chief Executive Officer of Pioneer American and its subsidiary, Pioneer American Bank, would continue to function as President and Chief Executive Officer of the subsidiary bank until such time as NBT merges Pioneer American Bank into the successor entity which will include all of the northeastern Pennsylvania operations, at which time Mr. Reuther will become President and Chief Operating Officer of that successor wholly-owned subsidiary of NBT, thereby promoting continuity with respect to the continuing operations of Pioneer American and providing valuable input into the market area served by Pioneer American;
- o That three representatives of Pioneer American's Board would become members of NBT's Board, thereby promoting continuity with respect to the continuing operations of Pioneer American and providing valuable input into the market area served by Pioneer American;
- o Anticipated cost savings and efficiencies available to the combined company as a result of the merger;
- o Prospects for continued local identity; and
- o Other terms of the merger agreement and exhibits, including that the transaction will be tax-free to Pioneer American and its shareholders.

In reaching its determination to approve and recommend the merger agreement, the Pioneer American Board did not assign any relative or specific weights to the foregoing factors, and individual directors may have weighed factors differently.

RECOMMENDATION OF PIONEER AMERICAN'S BOARD OF DIRECTORS

The Pioneer American Board believes that the merger is in the best interests of Pioneer American and its stockholders. ACCORDINGLY, THE PIONEER AMERICAN BOARD IS UNANIMOUS IN ITS RECOMMENDATION THAT STOCKHOLDERS VOTE FOR APPROVAL AND ADOPTION OF THE MERGER AGREEMENT.

MERGER CONSIDERATION

In the merger, holders of Pioneer American common stock will receive shares of NBT common stock as described in detail below.

At the effective time of the merger each share of Pioneer American common stock issued and outstanding immediately prior to the effective time will automatically convert into and become the right to receive 1.805 shares of NBT common stock.

The merger agreement provides for adjustment of the exchange ratio:

- o either upwards or downwards to adjust for any NBT or Pioneer American stock dividends, split-ups, mergers, recapitalizations, combinations, conversions, exchanges of shares or the like;
- o upwards but not downwards if all of the following occur:

- (1) the average price per NBT share during the 20-day trading period ending on the eighth day prior to the day chosen as the effective date of the merger is less than \$15.00 and the NBT stock price decline, expressed as a percentage, is more than 15 percentage points greater than the weighted average stock price decline of the index group, and
- (2) Pioneer American exercises its right to cancel the merger as a result of such price decline, subject to NBT's right to require Pioneer American to complete the merger if NBT agrees to increase the exchange ratio so that a Pioneer American stockholder will receive at least \$27.08 worth of NBT stock for each Pioneer American share, and
- (3) NBT so elects to increase the exchange ratio.

We have provided some examples of how these termination provisions would work using the stock prices of NBT, Pioneer American, and the index group on December 7, 1999. See "The Issuance of NBT Common Stock in the Merger and Ratification of the Merger Agreement -- Termination Upon a Decline in the Value of NBT Common Stock."

At the effective time of the merger, holders of Pioneer American common stock will cease to be stockholders of Pioneer American and will no longer have any rights as Pioneer American stockholders, other than the right to receive any dividend or other distribution with respect to Pioneer American common stock with a record date occurring prior to the effective time and to receive the applicable consideration in the merger. After the effective time, there will be no transfers on Pioneer American's stock transfer books of any shares of Pioneer American common stock.

OPINION OF NBT'S FINANCIAL ADVISOR

On December 7, 1999, McConnell, Budd & Downes, Inc. ("MB&D") delivered its opinion to the NBT Board, that as of that date, the exchange ratio was fair, from a financial point of view to NBT stockholders. The basis for MB&D's opinion, which is unchanged, has been updated for the purposes of this joint proxy statement/prospectus and appears in Appendix B. The exchange ratio was negotiated based on consideration of numerous factors including the following:

- o An analysis of the possible future earnings per share results for the parties on both a combined and a stand-alone basis.
- o Anticipated dilutive or accretive effects of the prospective transaction to the earnings per share of NBT.
- o Probable impact on dividends payout ratio as a result of the contemplated transaction.
- o Loan portfolios and relative asset quality as disclosed by the parties.
- o Adequacy of reserves for loan and lease losses of the parties.
 - o Composition of the deposit bases of each of the parties.
 - o Analysis of the historical trading range, trading pattern and relative liquidity of the common shares of each of the parties.
 - o Accounting equity capitalization, the tangible equity capitalization and the market capitalization of each of the parties.
 - o Contemplation of other factors, including certain intangible factors.

MB&D has acted as financial advisor to NBT on a contractual basis since October 20, 1994 in connection with NBT's development and implementation of its strategic plan and has assisted NBT in the evaluation of numerous hypothetical affiliation opportunities with banks, thrifts and other financial institutions since that date. With respect to the pending transaction involving Pioneer American, MB&D advised NBT during the evaluation and negotiation process leading up to the execution of the merger agreement and provided NBT with a number of analyses as to a range of financially feasible exchange ratios. The determination of the applicable exchange ratio was arrived at in an arms-length negotiation between NBT and Pioneer American in a process in which MB&D advised NBT and participated directly in the negotiations.

MB&D was retained based on its qualifications and experience in the financial analysis of banking and thrift institutions generally, its knowledge of the New York and Pennsylvania banking markets in particular, as well as its experience with merger and acquisition transactions involving banking institutions. As a part of its investment banking business, which is focused exclusively on financial services industry participants, MB&D is continually engaged in the valuation of financial institutions and their securities in connection with its equity brokerage business generally and mergers and acquisitions in particular. Members of the Corporate Finance Advisory Group of MB&D have extensive experience in advising financial institution clients on mergers and acquisitions. In the ordinary course of its business as an NASD broker-dealer, MB&D may, from time to time, purchase securities from or sell securities to NBT or Pioneer American and as a market maker in securities. MB&D may from time to time have a long or short position in, and buy or sell debt or equity securities of NBT or Pioneer American for its own account or for the accounts of its customers. In addition, in the ordinary course of business, the employees of MB&D may have direct or indirect investments in the debt or equity securities of either or both NBT or Pioneer American.

The full text of the opinion, which sets forth assumptions made, matters considered and limits on the review undertaken, is attached hereto as Appendix B. MB&D urges that all NBT shareholders read the opinion in its entirety and the joint proxy statement/prospectus in its entirety. The opinion of MB&D is directed only to the exchange ratio at which shares of Pioneer American common stock may be exchanged for shares of NBT common stock. The opinion of MB&D does not constitute a recommendation to any holder of NBT common stock as to how such holder should vote at the NBT annual meeting. The summary of the opinion and the matters considered in the MB&D analysis set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the text of the opinion itself. The opinion is necessarily based upon conditions as of the date of the opinion and upon information made available to MB&D through the date thereof. No limitations were imposed by the NBT Board upon MB&D with respect to the investigations made, matters considered or procedures followed in the course of rendering its opinions.

Materials Reviewed by MB&D:

In connection with the rendering and updating of its opinion, MB&D reviewed the following documents and considered the following subjects:

- o The merger agreement detailing the pending transaction;
- o The joint proxy statement/prospectus in substantially the form to be mailed to NBT shareholders;
- o Pioneer American Annual Reports to stockholders for 1996, 1997 and 1998;
- o Pioneer American Annual Reports on Form 10-K for 1996, 1997 and 1998;
- o Related financial information for the three calendar years ended December 31, 1996, 1997, and 1998 for Pioneer American;

- o Pioneer American Quarterly Report on Form 10-Q and related unaudited financial information for the first three quarters of 1999;
- o Pioneer American's press release concerning unaudited results for the calendar years 1998 and 1999;
- o NBT Annual Reports to Stockholders for 1996, 1997 and 1998;
- o NBT Annual Reports on Form 10-K and related financial information for the calendar years ended 1996, 1997 and 1998;
- o NBT Quarterly Reports on Form 10-Q and related unaudited financial information for the first three quarters of 1999;
- o NBT's press release concerning unaudited results for the calendar years 1998 and 1999;
- o Internal financial information and financial forecasts, relating to the business, earnings, cash flows, assets and prospects of the respective companies furnished to MB&D by Pioneer American and NBT respectively;
- o Discussions with members of the senior management of Pioneer American concerning the past and current results of operations of Pioneer American, its current financial condition and management's opinion of its future prospects;
- o Discussions with members of the senior management of NBT concerning the past and current results of operations of NBT, its current financial condition and management's opinion of its future prospects;
- o The historical record of reported prices, trading volume and dividend payments for both Pioneer American and NBT common stock;
- o Based primarily on anecdotal information, the current state of and future prospects for the economy of New York and northeastern Pennsylvania generally and the relevant market areas for Pioneer American and NBT in particular;
- o Specific merger analysis models developed by MB&D to evaluate potential business combinations of financial institutions using both historical reported information and projected information for both Pioneer American and NBT and the results of application of these models;
- o The reported financial terms of selected recent business combinations of financial institutions for purposes of comparison to the pending transaction;
- o Such other studies and analyses as MB&D considered appropriate under the circumstances associated with this particular transaction.

The opinion of MB&D takes into account its assessment of general economic, market and financial conditions and its experience in other transactions involving participants in the financial services industry, as well as its experience in securities valuation and its knowledge of the banking industry generally. For purposes of reaching its opinion, MB&D has assumed and relied upon the accuracy and completeness of the information provided to it or made available by Pioneer American and NBT and does not assume any responsibility for the independent verification of such information. With respect to financial forecasts made available to MB&D it is assumed by MB&D that they were prepared on a reasonable basis and reflect the best currently available estimates and good

faith judgments of the management of Pioneer American and NBT respectively, as to the future performance of Pioneer American and NBT. MB&D has also relied upon assurances of the management of Pioneer American and NBT that they were not aware of any facts or of the omission of any facts that would make the information or financial forecasts provided to MB&D incomplete or misleading. In the course of rendering its opinion, MB&D has not completed any independent valuation or appraisal of any of the assets or liabilities of either Pioneer American or NBT and has not been provided with such valuations or appraisals from any other source.

The following is a summary of the material analyses employed by MB&D in connection with rendering its written opinion. Given that it is a summary, it does not purport to be a complete and comprehensive description of all the analyses performed, or an enumeration of every matter considered by MB&D in arriving at its opinion. The preparation of a fairness opinion is a complicated process, involving a determination as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, such an opinion is not readily susceptible to a summary description. In arriving at its fairness opinion, MB&D did not attribute any particular weight to any one specific analysis or factor considered by it and made qualitative as well as quantitative judgments as to the significance of each analysis and factor. Therefore, MB&D believes that its analyses must be considered as a whole and feels that attributing undue weight to any single analysis or factor considered could create a misleading or incomplete view of the process leading to the formation of its opinion. In its analyses, MB&D has made certain assumptions with respect to banking industry performance, general business and economic conditions and other factors, many of which are beyond the control of management of either Pioneer American or NBT. Estimates, which are referred to in the analyses are not necessarily indicative of actual values or predictive of future results or values, which may vary significantly from those set forth. In addition, analyses relating to the values of businesses do not purport to be appraisals or to reflect the prices at which businesses might actually be sold. Accordingly, such analyses and estimates are inherently subject to uncertainty and MB&D does not assume responsibility for the accuracy of such analyses or estimates.

LAKE ARIEL TRANSACTION.

On August 16, 1999, NBT agreed to acquire Lake Ariel Bancorp, Inc. MB&D has reviewed the agreement with Lake Ariel and issued a fairness opinion to NBT's Board of Directors concerning this transaction. MB&D acted as NBT's financial advisor throughout the negotiations with Lake Ariel. The agreement with Lake Ariel and the expected pro forma financials were included in MB&D's analysis concerning the Pioneer American transaction.

Analysis of the Anticipated Merger and the Fixed Exchange Ratio:

The consideration of 1.805 shares of NBT common stock, valued at the last sale price of NBT on the day prior to the announcement of the transaction (\$16.25) represents the following values and multiples:

Total Transaction Value:	\$85,337,277
Deal Premium to Pioneer American's last trade:	5.70%
Deal Price / EPS for the last 12 months	20.95x
Deal Price / Tangible Book as of 9/30/99	2.68x

Contribution Analysis:

The following table reflects the acquisition of Lake Ariel on February 17, 2000 and is based on reported financial data for Pioneer American and NBT as of September 30, 1999 and the per share price of NBT as of December 6, 1999. Under those circumstances, the relative contributions of the parties to the pro forma NBT on a pooling basis would have been as follows:

Pro Forma Contribution Table

As of 9-30-99

Item	NBT	Pioneer American
Proposed Ownership	77.3%	22.7%
Assets	82.1%	17.9%
Loans	83.1%	16.9%
Deposits	82.5%	17.5%
Equity	83.6%	16.4%
Tangible Equity	83.1%	16.9%
Estimated Net Income of Combined Company for fiscal year 2000.	80.7%	19.3%
Estimated Net Income of Combined Company for fiscal year 2001.	76.7%	23.3%

Specific Acquisition Analysis:

MB&D employs a proprietary analytical model to examine transactions involving banking companies. The model uses forecast earnings data, selected current period balance sheet and income statement data, current market and trading information and a number of assumptions as to interest rates for borrowed funds, the opportunity cost of funds, discount rates, dividend streams, effective tax rates and transaction structures. The model inquires into the likely economic feasibility of a given transaction at a given price level or specified exchange rate while employing a specified transaction structure. The model also permits evaluation of various levels of potential non-interest expense savings which might be achieved along with various potential implementation time tables for such savings, as well as the possibility of revenue enhancement opportunities which may arise in a given transaction.

Utilizing this model, MB&D prepared pro forma analyses of the financial impact of the merger to the NBT stockholders. MB&D compared estimated earnings per share of NBT on a stand alone basis for fiscal year 2000, 2001 and 2002 to the estimated earnings per share of the common stock of the combined company on a pro forma basis for the same fiscal years. MB&D's analysis illustrates that the merger will be dilutive to stockholders of NBT on an earnings per share basis in fiscal year 2000, and becomes accretive to NBT stockholders in fiscal year 2001. The transaction remains accretive to stockholders of NBT in fiscal year 2002.

Analysis of Other Comparable Transactions:

MB&D is reluctant to place emphasis on the analysis of comparable transactions as a valuation methodology due to what it considers to be inherent limitations of the application of the results to specific cases. MB&D believes that such analysis fails to adequately take into consideration such factors as:

- o Material differences in the underlying capitalization of the comparable institutions which are being acquired;
- o Differences in the historic earnings (or loss) patterns recorded by the compared institutions which can depict a very different trend than might be implied by examining only recent financial results;
- o Failure to exclude non-recurring profit or loss items from the last twelve months' earnings streams of target companies which can distort apparent earnings multiples;
- o Material differences in the form or forms of consideration used to complete the transaction;
- o Differences between the planned method of accounting for the completed transaction;
- o Factors such as: the relative population, business and economic demographics of the acquired entity's markets as compared or contrasted to such factors for the markets in which comparable companies are doing business.

With these reservations in mind, we nonetheless examined statistics associated with 46 transactions (excluding the subject transaction) involving commercial banks. The following criteria was utilized to create the sample:

- o Acquired institutions are all commercial banks.
- o Announced between June 1, 1998 and December 7, 1999.
- o Announced deal value greater than \$50 million and less than \$100 million.

The table which follows permits a comparison of the mean and median values for two selected statistics arising from the list of 46 transactions evaluated with the "comparable" statistics calculated for the transaction which is described in this joint proxy statement/prospectus.

"Comparable" statistics as of the announcement date:

Compared statistics	Announced transaction price/tangible book value	Announced transaction price/trailing 12 months earnings
NBT/Pioneer American	2.68x	20.95x
Sample (46 transactions)		
Mean	3.07x	24.5x
Median	3.08x	21.7x
1999 (29 transactions)		
Mean	2.96x	23.7x
Median	2.85x	21.5x
1998 (17 transactions)		
Mean	3.23x	26.0x
Median	3.19x	23.7x
PA, NJ & NY (8 transactions)		
Mean	3.02x	26.6x
Median	2.93x	25.0x

COMPENSATION OF MB&D

Pursuant to a letter agreement with NBT dated December 7, 1999, MB&D will receive a fixed fee of \$375,000. This fee will be divided into several payments, which correspond with the successful completion of specific events. MB&D was paid \$75,000 after the execution of the merger agreement and will be paid an additional \$150,000 upon issuance of its opinion which will be included as an exhibit to this joint proxy statement/prospectus. Payment of the balance of the fee will be conditioned on closing of the transaction.

The fee payable to MB&D represents compensation for services rendered in connection with the analysis of the transaction, participation in the negotiations, participation in the drafting of documentation, and for the rendering of its Opinion. In addition, NBT has agreed to reimburse MB&D for its reasonable out-of-pocket expenses incurred in connection with the transaction. NBT also has agreed to indemnify MB&D and its directors, officers and employees against certain losses, claims, damages and liabilities relating to or arising out of its engagement, including liabilities under the federal securities laws.

MB&D has filed a written consent with the SEC relating to the inclusion of its fairness opinion and the reference to such opinion and to MB&D in the registration statement in which this joint proxy statement/prospectus is included. In giving such consent, MB&D did not admit that it comes within the category of persons whose consent is required under Section 7 of the Securities Act of 1933 or the rules and regulations of the SEC thereunder, nor did MB&D thereby admit that it is an expert with respect to any part of such Registration Statement within the

meaning of the term "expert" as used in the Securities Act of 1933 as amended, or the rules and regulations of the SEC thereunder.

OPINION OF PIONEER AMERICAN'S FINANCIAL ADVISOR

Pioneer American retained Danielson Associates Inc. ("Danielson Associates") to advise the Pioneer American board of directors as to its "fair" sale value and the fairness to its shareholders of the financial terms of the offer to be acquired by NBT. Danielson Associates is regularly engaged in the valuation of banks, bank holding companies, and thrifts in the connection with mergers, acquisitions, and other securities transactions; and has knowledge of, and experience with, Pennsylvania and New York banking markets and banking organizations operating in those markets. Danielson Associates was selected by Pioneer American because of its knowledge of, expertise with, and reputation in the financial services industry.

In such capacity, Danielson Associates reviewed the merger agreement with respect to the pricing and other terms and conditions of the merger, but the decision as to accepting the offer was ultimately made by the board of directors of Pioneer American. Danielson Associates rendered its oral opinion to the Pioneer American board of directors, which it subsequently confirmed in writing, that as of the date of the opinion, the financial terms of the NBT offer were "fair" to Pioneer American and its shareholders. No limitations were imposed by the Pioneer American Board of Directors upon Danielson Associates with respect to the investigation made or procedures followed by it in arriving at its opinion.

In arriving at its opinion, Danielson Associates

- o reviewed certain business and financial information relating to Pioneer American and NBT including annual reports for the fiscal year ended December 31, 1998; call report data from 1990 to 1999; and the Annual Reports on Form 10-K and the Quarterly Reports on Form 10-Q for 1998 and 1999;
- o discussed the past and current operations, financial condition and prospects of NBT with its senior executives;
- o analyzed the pro forma impact of the merger on NBT's earnings per share, capitalization, and financial ratios;
- o reviewed the reported prices and trading activity for the NBT common stock and compared it to similar bank holding companies;
- o reviewed and compared the financial terms, to the extent publicly available, with comparable transactions;
- o reviewed the merger agreement and certain related documents; and
- o considered such other factors as were deemed appropriate.

Danielson Associates did not obtain any independent appraisal of assets or liabilities of Pioneer American or NBT or their respective subsidiaries. Further, Danielson Associates did not independently verify the information provided by Pioneer American or NBT and assumed the accuracy and completeness of all such information.

In arriving at its opinion, Danielson Associates performed a variety of financial analyses. Danielson Associates believes that its analyses must be considered as a whole and that consideration of portions of such analyses could create an incomplete view of Danielson Associates' opinion. The preparation of a fairness opinion is

a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description.

In its analyses, Danielson Associates made certain assumptions with respect to industry performance, business and economic conditions, and other matters, many of which were beyond Pioneer American's or NBT's control. Any estimates contained in Danielson Associates analyses are not necessarily indicative of the future results of value, which may be significantly more or less favorable than such estimates. Estimates of the value of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold.

The following is a summary of selected analyses considered by Danielson Associates in connection with its opinion letter.

Pro Forma Merger Analyses

Danielson Associates analyzed the changes in the amount of earnings and book value represented by the receipt of about \$87.5 million for all of the outstanding shares of Pioneer American common stock and options to purchase common stock, which will be paid in NBT common stock or options to purchase NBT common stock. The analysis evaluated, among other things, possible dilution in earnings and capital per share for NBT common stock.

Comparable Companies

To determine the "fair" value of the NBT common stock to be exchanged for the common stock of Pioneer American, NBT was compared to eleven publicly-traded bank holding companies ("comparable banks" or the "comparative group"). These comparable banks had assets in the \$1 billion to \$3 billion range, no extraordinary characteristics and were located in New Jersey, New York and Pennsylvania.

Summary and Description of Comparable Banks

	Assets*	Headquarters
	----- (in mill.)	-----

Comparable Banks**		

Community Bank System	\$1,774	DeWitt, N.Y.
Harleysville National	1,615	Harleysville, Pa.
Main Street	1,403	Reading, Pa.
National Penn	2,252	Boyertown, Pa.
Omega	1,058	State College, Pa.
Premier National	1,591	Lagrangeville, N.Y.
Sterling Financial	1,040	Lancaster, Pa.
TrustCo	2,385	Schenectady, N.Y.
U.S.B.	1,629	Orangeburg, N.Y.
United National	2,053	Bridgewater, N.J.
Yardville	1,056	Mercerville, N.J.

* September 30, 1999.

** Publicly-traded with assets between \$1 billion and \$3 billion in New Jersey, New York and Pennsylvania.

Source: SNL Securities LC, Charlottesville, Virginia.

Danielson Associates compared NBT's

- o stock price as of December 6, 1999 equal to 11.8 times earnings and 171% of book;
- o dividend yield based on trailing four quarters as of September 30, 1999 and stock price as of December 6, 1999 of 4.06%;
- o equity as of September 30, 1999 of 9.28% of assets;
- o nonperforming assets including loans 90 days past due as of September 30, 1999 equal to .27% of total assets;
- o return on average assets during the trailing four quarters ended September 30, 1999 of 1.44% and
- o return on average equity during the same period of 14.62%, with the medians for the comparable banks.

The comparable medians were

- o stock price equal to 14.0 times earnings and 196% of book;
- o dividend yield of 3.29%;
- o equity of 6.40% of assets;
- o .35% of assets nonperforming;
- o return on average assets of 1.22% and
- o return on average equity of 14.98%.

Danielson Associates also compared other income, expense and balance sheet information of such companies with similar information about NBT.

NBT - Comparable Banks Summary

	NBT ---	Comparable Banks Medians -----
Income		

Net income/Avg. Assets	1.444%	1.22 %
Net oper. income*/Avg. Assets	2.45	2.047
Return on average equity	14.62	14.98
Balance Sheet		

Equity/Assets	9.28 %	6.40 %
NPAs**/Assets	.27	.35
Stock Price		

Price/Earnings	11.8 X	14.0 X
Price/Book	171 %	196 %
Dividend yield	4.06 %	3.29 %
Payout ratio	45 %	46 %
Shares traded***	9,786	11,440

* Net interest income plus noninterest income less operating expense.

** Nonperforming assets including loans 90 days past due and still accruing.

*** Average daily volume in 1999 through December 6, 1999.

Source: SNL Securities LC, Charlottesville, Virginia.

Comparable Transaction Analysis
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Danielson Associates compared the consideration to be paid in the merger to the latest twelve months earnings and equity capital of Pioneer American with earnings and capital multiples paid in acquisitions of banks through December 6, 1999 in Connecticut, New Jersey, New York and Pennsylvania. Of these, the most applicable recent transactions included Hudson United Bancorp's purchase of JeffBanks, Inc., NBT Bancorp Inc.'s acquisition of Lake Ariel Bancorp, Inc., Staten Island Bancorp, Inc.'s purchase of First State Bancorp, Summit Bancorp's acquisition of MMBT Corp., Tompkins Trustco, Inc.'s purchase of Letchworth Independent Bankshares Corporation and Webster Financial Corp.'s acquisition of New England Community Bancorp, Inc. At the time Danielson Associates made its analysis, the consideration to be paid in the merger was 274% of Pioneer American's September 30, 1999 book value and 21.3 times reported earnings for the trailing four quarters as of September 30, 1999. This compares to the median multiples of 251% of book value and 23.0 times earnings for the six most applicable recent transactions.

Discounted Future Earnings and Discounted Dividends Analysis
- - - - -

Danielson Associates applied present value calculations to Pioneer American's estimated future earnings and dividend stream under several specific growth and earnings scenarios. This analysis considered, among other things, scenarios for Pioneer American as an independent institution and as part of another banking organization. The projected dividend streams and terminal values, which were based on a range of earnings multiples, were then discounted to present value using discount rates based on assumptions regarding the rates of return required by holders or prospective buyers of Pioneer American common stock.

Other Analysis
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In addition to performing the analyses summarized above, Danielson Associates also considered the general market for bank mergers, the historical financial performance of Pioneer American and NBT, the market positions of both banks and the general economic conditions and prospects of those banks.

No company or transaction used in this composite analysis is identical to Pioneer American or NBT. Accordingly, an analysis of the results of the foregoing is not mathematical; rather it involves complex consideration and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values of the company or companies to which they are being compared.

The summary set forth above does not purport to be a complete description of the analyses and procedures performed by Danielson Associates in the course of arriving at its opinions. In payment for its services as the financial advisor to Pioneer American, Danielson Associates is to be paid an estimated fee of about \$437,500, based upon a fee equal to 0.5% of the total transaction price at the time of closing, reduced by any hourly fees already received.

The full text of the opinion of Danielson Associates dated as of March 10, 2000, which sets forth assumptions made and matters considered, is attached hereto as Appendix C of this joint proxy statement/prospectus. Pioneer American shareholders are urged to read this opinion in its entirety. Danielson Associates' opinion is

directed only to the consideration to be received by Pioneer American shareholders in the merger and does not constitute a recommendation to any Pioneer American shareholder as to how such shareholder should vote at the Shareholders Meeting.

OTHER INTERESTS OF OFFICERS AND DIRECTORS IN THE MERGER

In considering the independent recommendations of the NBT Board and the Pioneer American Board with respect to the merger, Pioneer American stockholders should be aware that officers and directors of Pioneer American have interests in the merger that are different from, or in addition to, the interests of the stockholders of Pioneer American generally. The NBT Board and the Pioneer American Board were aware of such interests and considered them, among other matters, in approving the merger agreement and the matters contemplated by the merger agreement, including the merger.

As of December 31, 1999, the directors and executive officers of Pioneer American owned an aggregate of approximately 482,385 shares of Pioneer American common stock and held options to purchase an aggregate of approximately 45,125 shares of Pioneer American common stock at a weighted average exercise price of approximately \$11.35. Under the terms of the merger agreement, Pioneer American's directors and executive officers will receive the same consideration for their shares of Pioneer American common stock as the other Pioneer American stockholders. Upon completion of the merger, all outstanding options to purchase Pioneer American common stock will convert into options to purchase shares of NBT common stock. See "The Issuance of NBT Common Stock in the Merger and Ratification of the Merger Agreement -- Pioneer American Stock Options."

Reuther Employment Agreement. NBT, as the surviving corporation in the merger, will enter into an employment agreement with John W. Reuther, President and Chief Executive Officer and a director of Pioneer American, under which NBT will cause Pioneer American Bank, which will be a wholly-owned subsidiary of NBT following the merger, to employ Mr. Reuther as its President and Chief Operating Officer or as the President and Chief Operating Officer of the northeastern Pennsylvania operations of its successor entity. In carrying out his duties, Mr. Reuther will report to the Chairman and Chief Executive Officer of the northeastern Pennsylvania operations of NBT and will oversee and direct the operations of Pioneer American Bank or the northeastern Pennsylvania operations of any successor entity to Pioneer American Bank. The employment agreement becomes effective when the merger is completed and terminates three years later.

Mr. Reuther's employment agreement provides that he will receive a salary of not less than \$230,000 per year, subject to increases in accordance with NBT's compensation policies. During the employment term, Mr. Reuther will be entitled to participate in all of the compensation and benefit plans made available generally to senior executives of NBT. During the term of Mr. Reuther's employment,

- o he will be entitled to the use of an automobile owned by Pioneer American Bank or successor, the make, model and year of which automobile is appropriate to an officer of Mr. Reuther's rank employed by NBT or its affiliates;
- o NBT or an affiliate of NBT will reimburse Mr. Reuther for dues and assessments incurred by him in relation to his membership at his country club; and
- o NBT or an affiliate of NBT will maintain the life insurance paid by Pioneer American Bank or successor on Mr. Reuther's life for the benefit of his designated beneficiary(ies) at no less than the level of insurance maintained as of September 30, 1999.

In addition, NBT will assume and continue in effect with respect to Mr. Reuther the Pioneer American Bank Executive Retirement Plan, dated October 25, 1988, and the Split Dollar Agreement/Key Executive Equity Program, dated February 15, 1994, as restated April 16, 1999. In return, Mr. Reuther has renounced any entitlement to benefits under any supplemental executive retirement plan to which he would otherwise be entitled as an executive or

affiliate of NBT. Additionally, Mr. Reuther will be eligible to be considered for performance bonuses of up to 75% of salary, primarily on the basis of the performance of Pioneer American Bank or of the northeastern Pennsylvania operations of any successor entity to Pioneer American Bank, and secondarily on the basis of the performance of NBT. The benefits described in this paragraph will continue throughout the employment term unless NBT terminates Mr. Reuther's employment for cause, Mr. Reuther terminates the agreement without good reason, or Mr. Reuther dies or becomes disabled. Mr. Reuther will agree that from the commencement date of his employment agreement until the second anniversary of the termination date of the agreement he will not compete with NBT, Pioneer American Bank, or their affiliates within a composite area defined by radii of 25 miles from the head office of Pioneer American Bank, the authorized branches of Pioneer American Bank as they may exist from time to time, and each branch of a depository institution affiliated with Pioneer American Bank for which Mr. Reuther has or has had significant executive or managerial responsibilities.

Releases. At the effective time of the merger, Messrs. Reuther and James E. Jackson, Executive Vice President of Pioneer American Bank, and Ms. Patricia A. Cobb, Executive Vice President of Pioneer American Bank, will execute unconditional releases in favor of NBT, Pioneer American and Pioneer American Bank from any claims, actions, or liabilities they, respectively, might have against NBT, Pioneer American or Pioneer American Bank. In exchange for the releases, NBT will tender to each a change-in-control agreement, and in the case of Mr. Reuther, in addition an employment agreement, described in preceding paragraphs.

Change-in-Control Agreements. NBT has entered into change-in-control agreements with Messrs. Reuther and Jackson and Ms. Cobb. Each of the agreements has a term of three years, which extends for an additional year on each successive anniversary of the agreement. The agreements provide that if, within 24 months from the date of an event constituting a change in control of NBT, the employment of the named employee is terminated (1) by NBT because of the employee's disability, (2) by NBT without cause, or (3) by the employee with good reason (as defined below), the terminated employee will be entitled to a severance payment and other benefits. If terminated because of disability, the employee will be entitled to receive benefits in accordance with NBT's long-term disability income insurance plan. If terminated without cause or with good reason, NBT will pay the terminated employee his full base salary plus year-to-date accrued vacation through the date of termination plus severance pay in an amount equal to the product of his base salary multiplied by 2.99, in the case of Mr. Reuther, or 2.0, in the cases of Mr. Jackson and Ms. Cobb. Base salary means the employee's average annual compensation includible in gross income for federal income tax purposes for the five years preceding the year in which the change in control occurs.

The agreement further provides that, in the event that any payments or benefits the named executive becomes entitled to under the agreement or any other payments or benefits received or to be received by the named executive in connection with a change in control of NBT or the named executive's termination of employment will be subject to an excise tax under section 4999 of the Internal Revenue Code of 1986, NBT will pay the named executive an additional amount so that the net amount retained by the named executive, after deduction of the excise tax on the severance benefits and after deduction for the aggregate of any federal, state, or local income tax and excise tax upon such additional payment amount, will equal the severance payments under the change-in-control agreement.

A change in control of NBT means:

- o a change in control 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 of the agreement under the Securities Exchange Act of 1934, upon a person's becoming 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 NBT's voting securities;
- o during any period of two consecutive years, individuals who at the beginning of such period constitute the NBT Board cease for any reason to constitute at least a majority of the Board unless the election, or the nomination for election by the NBT stockholders, 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;

- o there shall be consummated any consolidation or merger of NBT in which NBT is not the continuing or surviving corporation or any sale, lease, exchange, or other transfer of all, or substantially all of the assets of NBT; or
- o approval by the stockholders of NBT of any plan or proposal for the liquidation or dissolution of NBT.

The change in control agreements define termination for cause as termination because, and only because, the named employee committed an act of fraud, embezzlement, or theft constituting a felony or an act intentionally against the interests of NBT which causes NBT material injury.

Termination of the named employee for good reason means:

- o a change in the employee's status or position(s) with NBT, which in the employee's reasonable judgment, does not represent a promotion from the employee's status or position as in effect immediately prior to the change in control, or a change in the employee's duties or responsibilities which, in the employee's reasonable judgment, is inconsistent with such status or position, or any removal of the employee from, or any failure to reappoint or reelect the employee to, such position;
- o a reduction by NBT in the employee's base salary as in effect immediately prior to the change in control;
- o the failure by NBT to continue in effect any employee benefit plan in which the employee was participating at the time of the change in control of NBT other than as a result of the normal expiration of the 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 NBT which would adversely affect the employee's continued participation in the plan on at least as favorable a basis to the employee as is the case on the date of the change in control or which would materially reduce the employee's benefits in the future under any of the plans or deprive the employee of any material benefit enjoyed by the employee at the time of the change in control;
- o the failure by NBT to provide and credit the employee with the number of paid vacation days to which the employee was then entitled in accordance with NBT's normal vacation policy as in effect immediately prior to the change in control;
- o NBT's requiring the employee to be based anywhere other than where his office is located immediately prior to the change in control, except for required business travel;
- o NBT's failure to obtain from any successor its express assent to assume and agree to perform the change in control agreement in the same manner and to the same extent as NBT would be required to perform if no succession had taken place;
- o any purported termination by NBT of the employee's employment which is not effected in accordance with the express notice provisions of the change in control agreement; or
- o any refusal by NBT to continue to allow the employee to attend to matters or engage in activities not directly related to the business of NBT which, prior to the change in control, the employee was permitted by the board to attend or engage in.

Stock Options. Options to purchase Pioneer American common stock, which their holders have not exercised prior the effective time of the merger, will automatically convert into options to purchase shares of common stock of NBT following the merger, and NBT will assume each such option subject to the terms and conditions set forth in Pioneer American's stock option plans.

Each such converted stock option will convert into a replacement option to acquire a number of shares of NBT common stock equal to (rounded down to the nearest whole number of shares) (a) the number of shares of Pioneer American common stock subject to such converted option as of the effective time multiplied by (b) the exchange ratio for the merger. The exercise price per share (rounded down to the nearest whole cent) will equal (x) the aggregate exercise price under such converted option for all of the shares of Pioneer American common stock subject to such converted option at the effective time divided by (y) the number of shares of NBT common stock subject to such replacement option.

Each Pioneer American option will, in accordance with its terms, be subject to further adjustment as appropriate to reflect any stock split, stock dividend, recapitalization, or other similar transaction with respect to NBT's common stock on or subsequent to the completion of the merger.

We describe the treatment of options more fully under "The Issuance of NBT Common Stock in the Merger and Ratification of the Merger Agreement -- Pioneer American Stock Options."

Composition of NBT's Board Following the Merger. Following the merger and assuming the election of the nominees proposed to be elected at the NBT annual meeting, NBT will have a Board of Directors composed of fifteen individuals. The Board will include the twelve current members of the NBT Board, including three former Lake Ariel Board members, Messrs. John G. Martines, Bruce D. Howe, and William C. Gumble who joined the NBT Board upon completion of the merger between NBT and Lake Ariel that closed on February 17, 2000 and Messrs. Joseph G. Nasser, Gene E. Goldenziel and Richard Chojnowski, each of whom is currently a director of Pioneer American. The merger agreement provides that these three individuals will become directors of NBT.

Directors and Officers Indemnification. As described in "The Issuance of NBT Common Stock in the Merger and Ratification of the Merger Agreement -- Conduct of Business Pending Completion of the Merger -- Indemnification," the merger agreement provides that following the merger NBT will take no action to abrogate or diminish any right to indemnification accorded under Pioneer American's Articles of Incorporation or bylaws existing in favor of the current or former directors or officers of Pioneer American. The merger agreement also provides that following the effective time of the merger and to the extent permitted by law, all rights to such indemnification will survive completion of the merger, and NBT will honor such obligations in accordance with their terms with respect to events, acts, or omissions occurring prior the effective time of the merger.

STOCK OPTION AGREEMENT

The following is a description of the material terms of the stock option agreement. We urge all stockholders of NBT and Pioneer American to read the stock option agreement in its entirety for a complete description of the terms of the agreement. We have previously filed a copy of the stock option agreement with the SEC.

As a condition to NBT's willingness to enter into the merger agreement, Pioneer American entered into the Stock Option Agreement, dated as of December 7, 1999, with NBT. Under the stock option agreement, Pioneer American granted NBT an option to purchase up to 569,997 shares of Pioneer American common stock, which was approximately 19.9% of the number of shares of Pioneer American common stock outstanding as of December 7, 1999. The exercise price of the stock option is \$24.00 per share, subject to adjustment under specified circumstances.

Parties to merger agreements often enter into arrangements such as the stock option agreement in connection with corporate mergers and acquisitions in an effort to increase the likelihood of completion of the transactions in accordance with their terms, and to compensate the recipient of the option for its efforts and expenses, losses and opportunity costs in connection with the transactions if the merger does not occur due to circumstances involving an acquisition or potential acquisition of the option issuer by a third party. The stock option agreement may have the effect of discouraging offers by third parties to acquire Pioneer American prior to the merger even if such persons are prepared to pay more than the current market price of the shares of NBT's common stock to be received by the stockholders of Pioneer American pursuant to the merger agreement.

The stock option will become exercisable in whole or in part only if a triggering event occurs with respect to Pioneer American before the stock option terminates. For purposes of the stock option agreement, the term "triggering event" means any of the following events or transactions occurring after December 7, 1999:

- o Pioneer American or Pioneer American Bank, without having received NBT's prior written consent, shall have entered into an agreement to engage in an acquisition transaction (as defined below) with any person other than NBT or any of its subsidiaries;
- o any person other than NBT or NBT Bank shall have acquired beneficial ownership or the right to acquire beneficial ownership of 10 percent or more of the outstanding shares of Pioneer American's common stock;
- o the stockholders of Pioneer American shall have voted on and failed to approve the merger agreement at a special meeting held for that purpose or any adjournment or postponement of the meeting, if prior to the meeting there was a public announcement that any person (other than NBT or NBT Bank) shall have made a bona fide proposal to engage in an acquisition transaction;
- o Pioneer American's Board shall have withdrawn or modified (or publicly announced its intention to withdraw or modify) in any manner adverse to NBT its recommendation that the stockholders of Pioneer American approve the transactions contemplated by the merger agreement, or Pioneer American or Pioneer American Bank shall have authorized, recommended or proposed (or publicly announced its intention to authorize, recommend or propose) an agreement to engage in an acquisition transaction with any person other than NBT or NBT Bank;
- o any person other than NBT or NBT Bank shall have made a bona fide proposal to Pioneer American or its stockholders to engage in an acquisition transaction and there was a public announcement of such proposal;
- o any person other than NBT or NBT Bank shall have filed with the Securities and Exchange Commission a registration statement or tender offer materials with respect to a potential exchange or tender offer that would constitute an acquisition transaction;
- o Pioneer American shall have breached any covenant or obligation contained in the merger agreement in anticipation of engaging in an acquisition transaction with any person other than NBT or NBT Bank, and following such breach, NBT would be entitled to terminate the merger agreement as provided by section 11.2(b) of the merger agreement; or
- o any person other than NBT or NBT Bank shall have filed an application or notice with the Federal Reserve Board or other federal or state bank regulatory or antitrust authority, which application or notice such authority has accepted for processing, for approval to engage in an acquisition transaction.

The stock option agreement defines the term acquisition transaction as any transaction under which a person proposes to or will acquire a majority of the stock of, merge or consolidate with, or acquire all or substantially all of the assets of Pioneer American or Pioneer American Bank, or otherwise engage in any substantially similar transaction with Pioneer American or Pioneer American Bank.

The stock option will terminate upon the earliest to occur of:

- o completion of the merger;
- o termination of the merger agreement in accordance with its terms, except a termination by NBT due to a breach by Pioneer American of a representation, warranty or covenant or a termination due to a determination in good faith by the Pioneer American Board, on the advice of counsel, that the termination is required for the Pioneer American Board to comply with its fiduciary duties to its stockholders imposed by law by reason of a proposal by a person other than NBT or NBT Bank to acquire more than one percent of the Pioneer American common stock; or
- o passage of eighteen months after termination of the merger agreement following the two excepted events cited in the item above.

Upon the occurrence of a triggering event that occurs prior to the termination of the stock option, NBT will have registration rights under the Securities Act with respect to the shares of Pioneer American common stock issued or issuable under the stock option.

The stock option agreement also provides that at any time after the occurrence of a repurchase event (as defined below), upon request, Pioneer American will repurchase the stock option from the holder of the stock option. The purchase price of the repurchase will equal the amount by which the market/offer price exceeds the stock option price multiplied by the number of shares then subject to the stock option. To the extent NBT previously acquired shares of Pioneer American common stock upon the exercise of part of the stock option, Pioneer American will repurchase such shares at the market/offer price. The term market/offer price means the highest of the following:

- o the highest price per share paid by any person that acquires beneficial ownership of 50% or more of the Pioneer American common stock;
- o the price per share of Pioneer American common stock that any third party is to pay under an agreement with Pioneer American in connection with the repurchase event;
- o the highest closing price per share of Pioneer American common stock within the six-month period immediately preceding the date that notice to repurchase is given; or
- o in the event of a sale of all or a substantial portion of Pioneer American's or Pioneer American Bank's net assets or deposits, the sum of the net price paid for such assets or deposits and the current market value of the remaining net assets (as determined by a nationally recognized investment banking firm), divided by the number of shares of Pioneer American common stock outstanding at the time of such sale.

The stock option agreement defines repurchase event as

- o the acquisition by any third party of beneficial ownership of 50% or more of the then outstanding shares of Pioneer American's common stock or
- o the consummation of an acquisition transaction (as defined above) by any person other than NBT or NBT Bank.

Under the terms of the stock option agreement, if, prior to the termination of the stock option, Pioneer American or Pioneer American Bank enters into an extraordinary transaction, such as a merger, consolidation or agreement to sell all or substantially all of its assets or deposits, in which Pioneer American or Pioneer American Bank is effectively not the surviving corporation, the holder of the stock option may convert or exchange the stock option into or for an option with terms similar to those of the stock option being converted or exchanged to purchase stock of the entity that is the effective successor to Pioneer American or Pioneer American Bank.

The stock option agreement generally provides that neither NBT nor Pioneer American may assign any of its respective rights or obligations under the stock option agreement without the express written consent of the other party. However, if a triggering event occurs before termination of the stock option, NBT may, subject to limitations, assign its rights and obligations under the stock option in whole or in part. However, until fifteen days after the Federal Reserve Board has approved an application by NBT under the Bank Holding Company Act of 1956 to acquire the option shares, NBT may not assign its rights under the NBT option except in one of the following ways:

- o a widely dispersed public distribution;
- o a private placement in which no one party acquires the right to purchase in excess of 2% of the voting shares of Pioneer American;
- o an assignment to a single party (e.g., a broker or investment banker) for the sole purpose of conducting a widely dispersed public distribution on NBT's behalf; or
- o any other manner approved by the Federal Reserve Board.

To the best knowledge of Pioneer American and NBT, no event giving rise to any rights to exercise the stock option has occurred as of the date of this joint proxy statement/prospectus.

ACCOUNTING TREATMENT

We expect the merger to be accounted for as a pooling of interests in accordance with generally accepted accounting principles ("GAAP"). Under this method of accounting, NBT stockholders and Pioneer American stockholders will be deemed to have combined their existing voting stock interests by virtue of the exchange of shares of Pioneer American common stock for shares of NBT common stock. Accordingly, the book value of the assets, liabilities and stockholders' equity of each of NBT and Pioneer American, as reported on their respective consolidated balance sheets, will be carried over to the consolidated balance sheet of the combined company, and no goodwill will be created. The combined company will be able to include in its consolidated net income the combined net income of both companies for the entire fiscal year in which the merger occurs. However, the combined company must treat certain expenses incurred to effect the merger as current charges against income.

It is a condition to consummation of the merger that NBT receive a letter from its independent auditor that the merger qualifies for pooling of interests accounting treatment. See "The Issuance of NBT Common Stock in the Merger and Ratification of the Merger Agreement -- Conditions to Complete the Merger."

As described in "Rights of Dissenting Stockholders," Pioneer American stockholders have a right to dissent to the merger and to receive cash in the exercise of their dissenters' rights. If such cash paid combined with other pooling of interests violations exceed 10% of the outstanding shares of Pioneer American common stock, the merger will not qualify for pooling of interests accounting treatment.

The parties have prepared the unaudited pro forma financial information contained in this joint proxy statement/prospectus using the pooling of interests accounting method to account for the merger. See "Summary --

Selected Historical and Pro Forma Combined Financial Data" and "Summary -- Unaudited Comparative Per Share Data."

DISSENTERS' OR APPRAISAL RIGHTS

Holders of NBT common stock are not entitled to dissenters' and appraisal rights under Delaware law in connection with the merger. Under Pennsylvania law, Pioneer American stockholders are entitled to dissenters' rights in connection with the merger. See "Rights of Dissenting Stockholders" and "Comparison of Stockholders' Rights -- Appraisal/Dissenters' Rights."

INCLUSION OF NBT'S COMMON STOCK ON NASDAQ NATIONAL MARKET

A condition to the merger requires that the Nasdaq shall have authorized the shares of NBT common stock to be issued in the merger for inclusion on the Nasdaq National Market. NBT's common stock is listed on the Nasdaq National Market under the symbol "NBTB." Upon completion of the merger, we will deregister the Pioneer American common stock under the Securities Exchange Act. See "Price Range of Common Stock and Dividends."

DIVIDENDS

NBT, as the surviving corporation, expects that after completion of the merger, subject to approval and declaration by its Board, it will continue its current dividend policy and declare regularly scheduled quarterly cash dividends and annual stock dividends on the shares of its common stock consistent with past practices. The current annualized rate of cash dividends on the shares of NBT common stock is \$0.68 per share.

Pioneer American expects to continue to declare regularly scheduled dividends on the Pioneer American common stock until the merger closes, including regular quarterly cash dividends of \$0.20 per share, subject to the terms of the merger agreement. The right of holders of Pioneer American common stock to receive dividends from Pioneer American will end upon the completion of the merger when the separate corporate existence of Pioneer American will cease. See "Price Range of Common Stock and Dividends."

The merger agreement provides that after the date of the merger agreement NBT and Pioneer American will coordinate with each other the declaration of any dividends with respect to NBT common stock and Pioneer American common stock as well as the record dates and payment dates of any dividends.

EXCHANGE OF PIONEER AMERICAN CERTIFICATES

Promptly after the effective time, NBT will deposit with the exchange agent, American Stock Transfer and Trust Company, New York, New York, certificates representing the shares of NBT common stock that are issuable in connection with the merger for shares of Pioneer American common stock. NBT will also deposit with the exchange agent an estimated amount of cash payable instead of fractional shares. Promptly after the effective time, NBT will cause the exchange agent to send to each holder of record of shares of Pioneer American common stock at the effective time of the merger transmittal materials for use in the exchange of the merger consideration for certificates representing Pioneer American common stock. NBT will deliver to holders of Pioneer American common stock who surrender their certificates to the exchange agent, together with properly executed transmittal materials and any other required documentation, certificates representing the number of shares of NBT common stock to which such holders are entitled. NBT will not issue any fractional shares. Instead, NBT will pay each holder of Pioneer American common stock who would otherwise be entitled to a fractional share of NBT common stock an amount in cash, without interest, calculated by multiplying such fraction by the average of the closing bid price and the closing asked price per share for NBT common stock as reported on the Nasdaq Stock Market for each of the twenty consecutive trading days ending on and including the eighth trading day before the effective time of the merger.

Until properly surrendering their certificates, holders of unexchanged shares of Pioneer American common stock will not be entitled to receive any dividends or distributions with respect to NBT common stock. After surrender of the certificates representing Pioneer American common stock, the record holder of such shares will be entitled to receive any such dividends or other distributions, without interest, which had previously become payable with respect to shares of NBT common stock represented by such certificate.

HOLDERS OF PIONEER AMERICAN COMMON STOCK SHOULD NOT SEND IN CERTIFICATES REPRESENTING PIONEER AMERICAN COMMON STOCK UNTIL THEY RECEIVE TRANSMITTAL MATERIALS FROM THE EXCHANGE AGENT.

PIONEER AMERICAN STOCK OPTIONS

At the effective time, NBT will assume the former Pioneer American stock option plans. At the effective time of the merger, all outstanding and unexercised Pioneer American stock options will no longer represent a right to acquire shares of Pioneer American common stock but will convert automatically into options to purchase shares of NBT common stock. NBT will assume such Pioneer American stock options subject to the terms and conditions of Pioneer American stock option or similar plans and related option agreements as in effect immediately prior to the effective time under which Pioneer American issued the assumed stock options.

After the effective time of the merger, the number of shares of NBT common stock purchasable upon exercise of any such Pioneer American option will equal the number of shares of Pioneer American common stock that were purchasable under such Pioneer American option immediately prior to the effective time multiplied by the exchange ratio established for the merger, rounding down to the nearest whole share. The per share exercise price under each such Pioneer American stock option, rounding down to the nearest whole cent, will equal the aggregate exercise price under the stock options divided by the number of shares of NBT common stock issuable under the assumed Pioneer American stock option plans. The duration and other terms of each new NBT stock option will be substantially the same as the prior Pioneer American stock option. The terms of each Pioneer American option will be subject to further adjustment as appropriate to reflect any stock split, stock dividend, recapitalization or other similar transaction with respect to NBT common stock on or after the effective time of the merger.

REPRESENTATIONS AND WARRANTIES

The merger agreement contains representations and warranties made by NBT and/or Pioneer American relating to the following matters:

- o due organization, corporate power, good standing and due registration as a bank holding company
- o capitalization
- o subsidiaries
- o corporate power and authority to conduct business, own property and enter into the merger agreement, the stock option agreement and related transactions
- o non-contravention of certain organizational documents, agreements or governmental orders or reports and other documents filed with the SEC and certain bank holding company and bank regulatory authorities, and the accuracy of the information contained in the documents
- o financial statements
- o examinations by bank regulatory agencies
- o undisclosed liabilities
- o litigation and regulatory action
- o compliance with laws
- o contractual defaults
- o brokers and financial advisers
- o tax and accounting matters
- o insurance
- o labor matters

- o environmental matters
- o absence of certain material changes and events
- o required regulatory approvals
- o loans and non-performing and classified assets
- o allowances for loan losses
- o administration of fiduciary accounts
- o Year 2000 readiness
- o deposit insurance

CONDUCT OF BUSINESS PENDING COMPLETION OF THE MERGER

The merger agreement contains various covenants and agreements that govern Pioneer American's and NBT's actions prior to the effective time of merger, including the following:

Conduct of Business. Pioneer American has agreed that it and Pioneer American Bank will conduct their respective businesses diligently and substantially in the same manner as previously and to use commercially reasonable efforts to preserve intact their business organizations, and to maintain their existing relations with customers, employees and business associates.

Capital Stock. Pioneer American has agreed to restrictions on its ability to authorize, issue or make any distribution of its capital stock or any other securities, or grant any options to acquire additional securities, or declare or distribute any stock dividend or authorize a stock split. Pioneer American has agreed not to make any direct or indirect redemption, purchase or other acquisition of its capital stock. Pioneer American has further agreed not to take any action which would prevent or impede the merger from qualifying for pooling of interests accounting.

Dividends. Pioneer American has agreed not to declare or pay any dividend other than (i) customary periodic cash dividends paid by Pioneer American to holders of its common stock in amounts not exceeding \$0.20 per calendar quarter and at intervals that are not shorter than past practice, and (ii) customary cash dividends paid by Pioneer American Bank whose amounts have not exceeded past practice and at intervals that are not shorter than past practice. In addition, Pioneer American has agreed that it will coordinate with NBT the declaration of any dividends with respect to Pioneer American common stock and the record dates and payment dates of such dividends.

Compensation; Employment Agreements; Benefit Plans. Pioneer American has agreed not to:

- o increase the rate of compensation of any employee or enter into any agreement to increase the rate of compensation of any employee, except for increases in the ordinary course of business in accordance with past practices, which together with all other compensation rate increases do not exceed 4.5 percent per annum of the aggregate payroll as of September 30, 1999, and except as explicitly contemplated by the merger agreement; nor
- o create or modify any pension or profit sharing plan, bonus, deferred compensation, death benefit, or retirement plan, or the level of benefits under any such plan, nor increase or decrease any severance or termination pay benefit or any other fringe benefit, except as required by law; nor
- o enter into any employment or personal services contract with any person or firm, except directly to facilitate the transactions contemplated by the merger agreement.

Dispositions, Acquisitions and Capital Expenditures. Pioneer American has agreed not to:

- o either (i) merge into, consolidate with, or sell or otherwise dispose of its assets to any other corporation or person, or enter into any other transaction or agree to effect any other transaction not in the ordinary course of its business or (ii) engage in any discussions concerning such a

possible transaction unless the Pioneer American Board, based upon the advice of its counsel, determines in good faith that such action is required for the Pioneer American Board to comply with its fiduciary duties to stockholders imposed by law; nor

- o incur any liability or obligation, make any commitment or disbursement, acquire or dispose of any property or asset, make any contract or agreement, pay or become obligated to pay any legal, accounting, or miscellaneous other expense, or engage in any transaction, except in the ordinary course of its business or to accomplish the transactions contemplated by the merger agreement; nor
- o subject any of its properties or assets to any lien, claim, charge, option, or encumbrance, other than in the ordinary course of business; nor
- o enter into or assume any commitment to make capital expenditures, any of which individually exceeds \$20,000 or which in the aggregate exceed \$50,000.

Amendments. The merger agreement provides that neither Pioneer American nor Pioneer American Bank will amend its respective charter or bylaws, nor convert the charter or form of entity of Pioneer American Bank.

Preservation of Business. Pioneer American has agreed that it and Pioneer American Bank will:

- o carry on their business and manage their assets and properties diligently and substantially in the same manner as before the execution of the merger agreement;
- o maintain the ratio of their loans to their deposits at approximately the same level as existed at September 30, 1999, as adjusted to allow for seasonal fluctuations of loans and deposits of a kind and amount experienced traditionally by them;
- o manage their investment portfolio in substantially the same manner and under substantially the same investment policies as in 1997 and 1998, and take no action to change to any material extent the percentage which their investment portfolio bears to their total assets, or to lengthen to any material extent the average maturity of their investment portfolio, or of any significant category of their portfolio;
- o use commercially reasonable efforts to continue in effect their present insurance coverage on all properties, assets, business, and personnel;
- o use commercially reasonable efforts to preserve their business organization intact, to keep available their present employees, and to preserve their present relationships with customers and others having business dealings with them;
- o not do anything and not fail to do anything which will cause a breach of or default in any contract, agreement, commitment, or obligation to which they are a party or by which they may be bound; and
- o conduct their affairs so that at the effective time of the merger none of their representations and warranties will be inaccurate, none of their covenants and agreements will be breached, and no condition in the merger agreement will remain unfulfilled by reason of their actions or omissions.

Acquisition Proposals. Pioneer American and Pioneer American Bank have agreed that they will not

- o solicit any inquiries or proposals to acquire more than one percent of Pioneer American common stock or any capital stock of Pioneer American Bank or any significant portion of the assets of either of them;
- o afford any third party which may be considering such a transaction access to its properties, books or records except as required by mandatory provisions of law;
- o enter into any discussions or negotiations for, or enter into any agreement or understanding which provides for such a transaction; or
- o authorize or permit any of its directors, officers, employees or agents to do or permit any of the activities referred to in this paragraph.

Pioneer American, however, may participate in discussions or negotiations with, or furnish information to, any person if, after consultation with and consideration of the advice of outside counsel, its board of directors has determined in good faith that such action is required for the board of directors to comply with its fiduciary duty to stockholders imposed by law. Pioneer American has agreed to keep NBT informed of the status and all material information regarding any such discussions or negotiations.

Employee Benefit Matters. Employees of Pioneer American and Pioneer American Bank who become participants in any employee benefit plans of NBT will receive credit for prior service with Pioneer American or Pioneer American Bank for purposes of eligibility and vesting as long as such crediting of service does not result in duplication of benefits. If necessary, NBT has generally agreed, subject to certain exceptions, to cause the waiver of any pre-existing condition limitations and eligibility waiting periods under group health plans with respect to such participants and their eligible dependents.

Termination Benefits and Severance Obligations. NBT has agreed that any employee of Pioneer American or Pioneer American Bank who becomes an employee of NBT or any of its subsidiaries immediately following the effective time of the merger whose employment is terminated subsequent to the effective time will be entitled to severance pay, if any, in accordance with the general severance policy of NBT.

Regulatory Applications and Filings. NBT and Pioneer American have agreed that they will cooperate and use their best efforts to effect all filings and obtain all necessary government approvals to complete the transactions contemplated by the merger agreement.

Indemnification. The merger agreement provides that, after the effective time of the merger, NBT will take no action to abrogate or diminish any right accorded under the Articles of Incorporation or bylaws of Pioneer American as they existed immediately prior to the effective time to any person who, on or prior to the effective time, was a director or officer of Pioneer American to indemnification from or against losses, expenses, claims, demands, damages, liabilities, judgments, fines, penalties, costs, expenses, and amounts paid in settlement pertaining to or incurred in connection with any threatened or actual action, suit, claim, or proceeding (whether civil, criminal, administrative, arbitration, or investigative) arising from events, matters, actions, or omissions occurring on or prior to the effective time of the merger. To the extent permitted by law, all rights to such indemnification accorded under the Articles of Incorporation and bylaws of Pioneer American to any person who, on or prior to the effective time, was a director or officer of Pioneer American will survive the effective time and, following the merger, to the extent permitted by law, NBT will honor such obligations in accordance with their terms with respect to events, acts, or omissions occurring prior to the effective time.

Post-Closing Governance. NBT has agreed that three members of the Pioneer American Board will become members of the NBT Board, with Mr. Joseph Nasser to serve in the class whose term expires in 2003, Mr. Gene E. Goldenziel to serve in the class whose term expires in 2001, and Mr. Richard Chojnowski to serve in the class whose term expires in 2002. See "The Companies -- NBT Following the Merger."

Certain Other Covenants. The merger agreement contains other covenants of the parties relating to:

- o the preparation and distribution of this joint proxy statement/prospectus;
- o the respective NBT and Pioneer American stockholders' meetings and the recommendations of the respective boards of directors;
- o cooperation in issuing public announcements;
- o access to information;
- o confidentiality;
- o inclusion of the NBT common stock issuable to the holders of shares of Pioneer American common stock for trading on the Nasdaq National Market; and
- o the delivery of financial statements of Pioneer American to NBT.

CONDITIONS TO COMPLETE THE MERGER

The obligations of each of NBT and Pioneer American to complete the merger are subject to the satisfaction or waiver, subject to compliance with applicable law, of conditions, including:

- o obtaining the requisite votes of approval from the respective stockholders of Pioneer American and NBT;
- o obtaining all governmental approvals required to complete the merger;
- o obtaining all other necessary third party consents and approvals to complete the merger;
- o the absence of injunctions, decrees, orders, laws, statutes or regulations enjoining, preventing or making illegal the completion of the merger;
- o the declaration of effectiveness of the registration statement on Form S-4 by the SEC and the absence of any stop order or proceedings seeking a stop order;
- o the delivery of an opinion to NBT and Pioneer American to the effect that the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;
- o the approval for inclusion on the Nasdaq National Market of the NBT common stock issuable to Pioneer American's stockholders in the merger; and
- o the receipt by NBT of an opinion from its independent auditor stating that the merger qualifies for "pooling of interests" accounting treatment.

The obligations of each of NBT and Pioneer American to complete the merger are further subject to satisfaction or waiver of the following conditions:

- o the representations and warranties of the other party in the merger agreement are to be materially true and correct as of the effective time of the merger, except for representations and warranties made as of a specified date which will be true and correct as of such specified date;

- o all of the agreements and covenants of the other party to be performed and complied with on or prior to the effective time of the merger are to have been performed and complied with in all material respects; and
- o each of NBT and Pioneer American is to have received a certificate dated the effective time of the merger signed by designated executive officers of the other party to the effect that the above two conditions have been satisfied.

TERMINATION AND TERMINATION FEES

General Termination Rights. The parties may terminate the merger agreement at any time prior to the effective time, whether before or after approval by the Pioneer American stockholders or NBT stockholders:

- o by mutual written consent of the parties;
- o by either NBT or Pioneer American if any of the following occurs:
 - (1) the merger has not been completed by July 31, 2000, except to the extent that the failure to complete the merger results from the failure of the party seeking termination to perform or observe the agreements and covenants of such party in the merger agreement;
 - (2) the Pioneer American stockholders fail to approve the merger agreement at the Pioneer American special meeting;
 - (3) the NBT stockholders fail to approve the merger agreement at the NBT annual meeting;
 - (4) the NBT stockholders shall have voted on and failed to approve a proposed amendment to NBT's Certificate of Incorporation increasing the number of authorized shares of NBT common stock from fifteen million to thirty million; or
 - (5) any governmental entity has issued a final, non-appealable order denying an approval or consent that is required to complete the merger.
- o by Pioneer American if any of the following occur:
 - (1) the material incorrectness when made of any of NBT's representations and warranties;
 - (2) a material breach or a material failure by NBT of its covenants under the merger agreement, and NBT has not cured the breach or failure; or
 - (3) if the Pioneer American Board, based upon the advice of its counsel, determines in good faith that termination is required in order for the Board to comply with its fiduciary duties to stockholders imposed by law by reason of having received from a third party a proposal to acquire more than one percent of the Pioneer American common stock or any capital stock of Pioneer American Bank or any significant portion of the assets of Pioneer American or Pioneer American Bank.
- o by NBT if either of the following occurs:
 - (1) the material incorrectness when made of any of Pioneer American's representations and warranties; or

- (2) a material breach or a material failure by Pioneer American of its covenants under the merger agreement, and Pioneer American has not cured the breach or failure.

Termination Upon a Decline in the Value of NBT Common Stock. Pioneer American has the right to cancel the merger if:

- o the price of a share of NBT common stock declines below \$15.00 and
- o the NBT stock price decline, expressed as a percentage, is more than 15 percentage points greater than the weighted average stock price decline of the index group.

The price per NBT share of \$15.00 represents a 10.45% decline in the price per NBT share of \$16.75 which is the share price used by NBT and Pioneer American in their negotiation of the merger agreement. Even if both of these two conditions are present and Pioneer American decides to cancel the merger, NBT can require Pioneer American to complete the merger by increasing the number of shares of NBT common stock to be issued to Pioneer American's stockholders, so that a Pioneer American stockholder will receive at least \$27.08 worth of NBT stock for each share of Pioneer American common stock.

In order to determine the price and percentage decline in the value of the NBT common stock and of the weighted average stock price of the index group, we will take the average of the closing bid and asked prices per share for NBT common stock and for the companies in the index group for each of the 20 consecutive trading days ending on the eighth trading day before the day chosen to be the effective date of the merger.

The following two examples illustrate how this termination provision in the merger agreement would work:

Example One: Assume that the average price per NBT share during the 20-day trading period is \$14.00, which is a decline of \$2.75 from \$16.75, or, expressed as a percentage, of 16.42%; and assume that the decline in the weighted average price per share of the index group during the 20-day trading period, expressed as a percentage, is 4.25%. We subtract 4.25% from 16.42% to arrive at 12.17%. Under this example only the first of the two conditions is present and Pioneer American would not have the right to cancel the merger agreement.

Example Two: Assume that the average price per NBT share during the 20-day trading period is again \$14.00; however, assume that the decline in the weighted average price per share of the index group, expressed as a percentage, is 1.00%. We subtract 1.00% from 16.42% and arrive at 15.42%. The first and second conditions of the termination provision are present and Pioneer American has the right to cancel the merger agreement. NBT can require Pioneer American to complete the merger by increasing the number of shares it will issue to Pioneer American stockholders. Under Example Two, NBT would have to increase the exchange ratio from 1.805 to 1.934 in order to require Pioneer American to complete the merger. We compute the new exchange ratio of 1.934 by taking the exchange ratio of 1.805 and adjusting it to offset the decline from \$15.00 in the average price per NBT share during the 20-day trading period ($1.805 \times \$15.00 / \$14.00 = 1.934$).

In the event Pioneer American terminates the merger agreement, under the provisions referenced above relating to a decline in the price of NBT common stock, stockholder action would not be required. Neither the NBT Board nor the Pioneer American Board has made a decision as to whether it would exercise its rights under the merger agreement under such circumstances. The respective boards of NBT and Pioneer American would make such a decision in light of the circumstances existing at the time that the respective board has the opportunity to make such an election, if any. Prior to making any determination to exercise their respective rights under the merger agreement, the Boards would consult their respective financial and other advisors and would consider all financial and other information deemed relevant to their respective decisions. There can be no assurance that the Boards would exercise their respective rights under the merger agreement if the conditions set forth above were applicable. If the Pioneer American Board does not elect to exercise its right to terminate the merger agreement under the circumstances discussed in this section, the exchange ratio would be 1.805 and the dollar value of the consideration

which the stockholders of Pioneer American would receive for each share of Pioneer American common stock would be the value 1.805 shares of NBT common stock at the effective time of the merger.

Termination and Damages for Breach of the Merger Agreement. If termination of the merger agreement is the result of material incorrectness of any representation or warranty or the material breach or material failure of a covenant, the party whose representations or warranties were materially incorrect or which materially breached the covenant will be liable to the other party in the amount of \$500,000. If termination of the merger agreement is the result of a determination by the Pioneer American Board that its fiduciary duty to Pioneer American's stockholders requires termination of the merger agreement because of a proposal to acquire stock or assets of Pioneer American or Pioneer American Bank, or if termination of the merger agreement is the result of material incorrectness of any representation or warranty of Pioneer American or the material breach or material failure of a Pioneer American covenant, and Pioneer American or Pioneer American Bank signs a definitive agreement with respect to a proposal to acquire stock or assets of Pioneer American or Pioneer American Bank within one year after termination of the merger agreement, then Pioneer American will be liable to NBT for liquidated damages in the further amount of \$3 million.

AMENDMENT AND WAIVER

Subject to compliance with applicable law, the party to the merger agreement benefited by a particular provision may, prior to the effective time of the merger, waive that provision of the merger agreement. The parties to the merger agreement may amend or modify any provision at any time by an agreement in writing between the parties.

SURVIVAL OF CERTAIN PROVISIONS

If the Merger Agreement Becomes Effective. After the effective time of the merger, various provisions of the merger agreement regarding the following matters will survive and remain effective:

- o procedures for the issuance of NBT common stock and NBT stock options in exchange for Pioneer American common stock and outstanding Pioneer American stock options;
- o indemnification of Pioneer American directors and officers;
- o employment of Mr. Reuther; and
- o appointment or election of three Pioneer American directors as directors of NBT.

If the Merger Agreement Terminates before the Effective Time. If the merger agreement terminates before the effective time, various provisions of the merger agreement regarding the following matters will survive and remain effective:

- o confidentiality of information obtained in connection with the merger agreement;
- o provisions regarding information provided for applications and the registration statement;
- o liability of the companies to each other as a result of the termination of the merger agreement; and
- o expenses incurred in connection with the proposed merger.

RESTRICTIONS ON REALES BY AFFILIATES

NBT has registered the shares of common stock issuable to the Pioneer American stockholders in the merger under the Securities Act. Holders of these securities who are not deemed to be "affiliates," as defined in the rules promulgated under the Securities Act, of NBT or Pioneer American may trade their shares freely without restriction.

Any subsequent transfer of shares by any person who is an affiliate of Pioneer American at the time of submission of the merger agreement to the Pioneer American stockholders for their vote will, under existing law, require either:

- o the further registration under the Securities Act of the shares of NBT common stock to be transferred;
- o compliance with Rule 145 promulgated under the Securities Act, which permits limited sales under certain circumstances; or
- o the availability of another exemption from registration of the shares.

An affiliate of Pioneer American is a person who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with Pioneer American. We expect these restrictions to apply to the directors and executive officers of Pioneer American and the holders of 10% or more of the Pioneer American common stock. The same restrictions apply to certain relatives or the spouse of those persons and any trusts, estates, corporations or other entities in which those persons have a 10% or greater beneficial or equity interest. NBT will give stop transfer instructions to the transfer agent with respect to those shares of NBT common stock held by persons subject to these restrictions, and NBT will place a legend on the certificates for their shares accordingly.

SEC guidelines regarding qualifying for the "pooling of interests" method of accounting limit sales of shares of NBT and Pioneer American by affiliates of either company in a business combination. SEC guidelines also indicate that the pooling of interests method of accounting generally will not be challenged on the basis of sales by affiliates of NBT and Pioneer American if such affiliates do not dispose of any of the shares of the corporation they own, or shares of a corporation they receive in connection with a merger, during the period beginning thirty days before completion of the merger and ending when NBT has published financial results covering at least thirty days of post-merger operations of NBT.

Pioneer American has agreed in the merger agreement to use commercially reasonable efforts to cause each person who is an affiliate of Pioneer American for purposes of Rule 145 under the Securities Act and for purposes of qualifying the merger for pooling of interests accounting treatment to deliver to NBT a written agreement intended to ensure compliance with the Securities Act and to preserve NBT's ability to treat the merger as a pooling of interests.

FEES FOR FINANCIAL ADVISORY SERVICES

NBT and Pioneer American have each retained the services of financial advisors in connection with evaluation of the merger and the terms associated with the merger consideration. See "The Issuance of NBT Common Stock in the Merger and Ratification of the Merger Agreement -- Opinion of NBT's Financial Advisor" and "-- Opinion of Pioneer American's Financial Advisor."

ALLOCATION OF COSTS AND EXPENSES

The merger agreement provides that each party to the merger agreement will be responsible for paying its own costs and expenses, including the fees and expenses of its own counsel, financial advisors, accountants and tax advisors, incurred in connection with the merger agreement. However, the merger agreement expressly allocates certain specified expenses as follows:

- o each party will pay its proportionate share of the cost of printing the joint proxy statement/prospectus based upon the number of copies each shall request for printing;
- o NBT will pay the cost of delivering the joint proxy statement/prospectus and other material to the NBT stockholders;
- o Pioneer American will pay the cost of delivering the joint proxy statement/prospectus and other material to the Pioneer American stockholders;
- o NBT will pay the cost of registering under the federal and state securities laws the shares of NBT common stock that NBT will issue to the Pioneer American stockholders upon completion of the merger; and
- o Pioneer American will pay the cost of procuring the required tax opinion.

THE COMPANIES

NBT BANCORP INC.

NBT Bancorp Inc. is a registered bank holding company headquartered in Norwich, New York. NBT is the parent holding company of NBT Bank, N.A. and LA Bank, National Association, each a national bank. The principal asset of NBT is all of the outstanding shares of common stock of NBT Bank and LA Bank, and its principal source of revenue is dividends it receives from NBT Bank and LA Bank.

NBT Bank is a full service commercial bank providing a broad range of financial products and services. NBT Bank has thirty-six locations serving a nine county area in central and northern New York. As of December 31, 1999, NBT Bank had 445 full-time and 76 part-time employees. NBT Bank is not a party to any collective bargaining agreements, and employee relations are considered to be good.

On February 17, 2000, NBT completed its acquisition of Lake Ariel. Following that merger, LA Bank, formerly a wholly-owned subsidiary of Lake Ariel, became a wholly-owned subsidiary of NBT. At the present time LA Bank continues to operate under the LA Bank name. LA Bank was founded in 1910 and is a national banking association and member of the Federal Reserve System. LA Bank is a full-service commercial bank providing a range of services and products, including time and demand deposit accounts, consumer, commercial and mortgage loans, and credit cards to individuals and small to medium-sized businesses in its northeastern Pennsylvania market area. LA Bank has 22 locations located in Lackawanna, Luzerne, Monroe, Pike and Wayne Counties, Pennsylvania. LA Bank has two subsidiaries, LA Lease, Inc., a business unit that engages in consumer and commercial leasing; and Ariel Financial Services, Inc., a business unit that offers stocks, bonds, annuities and other insurance-related products. As of December 31, 1999, LA Bank had 146 full-time and 36 part-time employees. LA Bank is not a party to any collective bargaining agreements, and employee relations are considered to be good.

On March 28, 2000, NBT and M. Griffith, Inc. announced that they have signed a definitive agreement which provides that NBT will acquire all of the stock of M. Griffith. M. Griffith is a Utica, New York, based securities firm offering investment, financial advisory, and asset-management services, primarily in the Mohawk Valley region. The firm is a full-service broker-dealer and a registered investment advisor. Founded in 1947, M. Griffith will become a wholly-owned subsidiary of NBT Financial Services, Inc., a subsidiary of NBT. Consummation of the acquisition is scheduled for the second quarter of 2000.

The banking business is extremely competitive, and NBT Bank encounters intense competition from other financial institutions located within its market area. The banking business in LA Bank's 5-county market is considered to be extremely competitive. In addition, NBT Bank and LA Bank compete not only with other commercial banks but also with other financial institutions such as thrifts, credit unions, money market and mutual funds, insurance companies, brokerage firms, and a variety of other companies offering financial services. Some of these financial services providers are located outside their respective market areas.

NBT's principal executive offices are located at 52 South Broad Street, Norwich, New York 13815, and its telephone number is (607) 337-2265.

PIONEER AMERICAN HOLDING COMPANY CORP.

Pioneer American is a registered bank holding company and Pennsylvania business corporation and is headquartered in Carbondale, Pennsylvania. Pioneer American has one wholly-owned subsidiary which is Pioneer American Bank.

Pioneer American Bank was founded in 1864 and is a national banking association and member of the Federal Reserve System. Pioneer American Bank is a full-service commercial bank providing a range of services and products, including time and demand deposit accounts, consumer, commercial and mortgage loans to individuals and small to medium-sized businesses in its northeastern Pennsylvania market area. Pioneer American Bank has 18 locations located in Lackawanna, Luzerne, Monroe, Wayne and Wyoming Counties, Pennsylvania.

As of December 31, 1999, Pioneer American Bank had 159 full-time and 38 part-time employees. Pioneer American Bank is not a party to any collective bargaining agreements, and employee relations are considered to be good.

The banking business in Pioneer American Bank's five-county market is considered to be extremely competitive. Pioneer American Bank competes with respect to its lending activities, as well as in attracting demand deposits, with local commercial banks, other commercial banks with branches in Pioneer American Bank's market area, savings banks, savings and loan associations, insurance companies, finance companies, leasing companies, mutual funds, credit unions and others. Pioneer American Bank is generally competitive with financial institutions in its service area with respect to interest rates paid on time and savings deposits, service charges on deposit accounts, and interest rates charged on loans.

Pioneer American's principal executive offices are located at 41 North Main Street, Carbondale, Pennsylvania. Its telephone number is (570) 282-2662.

Legal Proceedings

Pioneer American received a letter dated March 9, 1999, from counsel retained by a former executive officer of Pioneer American, stating an intention to take legal action against Pioneer American in connection with the purchase of his shares by Pioneer American in August of 1999. In the letter, the former executive officer demands that payment be made to him in the approximate amount of \$592,285. Pioneer American believes that this claim is without merit and intends to aggressively defend any action if formal proceedings are instituted. Because no formal action has been instituted, Pioneer American is unable to ascertain whether an unfavorable outcome is either probable or remote, or in the event of an unfavorable outcome, the amount of the loss, if any.

NBT FOLLOWING THE MERGER

Following the merger, NBT will have a Board of Directors composed of fifteen individuals. NBT's bylaws provide for a classified board of directors. The board is divided into three equal classes. Each class holds office for a staggered term of three years, but only one class comes up for election each year. The merger agreement provides that Messrs. Nasser, Goldenziel, and Chojnowski, currently directors of Pioneer American, will become directors of NBT following the merger, with Mr. Nasser to serve as a director of the class whose term expires in 2003, Mr. Goldenziel to serve as a director of the class whose term expires in 2001, and Mr. Chojnowski to serve as a director of the class whose term expires in 2002. After completion of the merger, NBT expects that its board of directors will consist of the three former Pioneer American directors and the twelve current members of the NBT Board, three of whom will have been former directors of Lake Ariel.

REGULATION AND SUPERVISION

The following discussion sets forth the material elements of the regulatory framework applicable to bank holding companies and national banks and provides certain specific information relevant to NBT and Pioneer American. This regulatory framework primarily is intended for the protection of depositors and the deposit insurance funds that insure bank deposits, and not for the protection of security holders. To the extent that the following information describes statutory and regulatory provisions, it is qualified in its entirety by reference to those provisions. A change in the statutes, regulations, or regulatory policies applicable to NBT and Pioneer American or to NBT Bank, LA Bank and Pioneer American Bank may have a material effect on the business of NBT or Pioneer American.

Various governmental requirements, including Sections 23A and 23B of the Federal Reserve Act, limit borrowings by NBT from NBT Bank or LA Bank and by Pioneer American from Pioneer American Bank and also limit various other transactions between NBT and NBT Bank or LA Bank and between Pioneer American and Pioneer American Bank. For example, Section 23A of the Federal Reserve Act limits to no more than 10 percent of its total capital the aggregate outstanding amount of any insured bank's loans and other "covered transactions" with any particular non-bank affiliate and limits to no more than 20 percent of its total capital the aggregate outstanding amount of any insured bank's covered transactions with all of its non-bank affiliates. At December 31, 1999, approximately \$17,332,000 were available for loans to NBT from NBT Bank and approximately \$2,001,000 was available for loans to Pioneer American from Pioneer American Bank. Section 23A of the Federal Reserve Act also generally requires that an insured bank's loans to its non-bank affiliates be secured, and Section 23B of the Federal Reserve Act generally requires that an insured bank's transactions with its non-bank affiliates be on arm's-length terms. Also, NBT and Pioneer American and their subsidiaries are prohibited from engaging in certain "tie-in" arrangements in connection with extensions of credit or provision of property or services.

As national banks, NBT Bank, LA Bank and Pioneer American Bank are subject to primary supervision, regulation, and examination by the OCC and secondary regulation by the FDIC and the Federal Reserve Board. NBT Bank, LA Bank and Pioneer American Bank are subject to extensive federal statutes and regulations that significantly affect their business and activities. NBT Bank, LA Bank and Pioneer American Bank must file reports with their regulators concerning their activities and financial condition and obtain regulatory approval to enter into certain transactions. NBT Bank, LA Bank and Pioneer American Bank are also subject to periodic examinations by the OCC to ascertain compliance with various regulatory requirements. Other applicable statutes and regulations relate to insurance of deposits, allowable investments, loans, acceptance of deposits, trust activities, mergers, consolidations, payment of dividends, capital requirements, reserves against deposits, establishment of branches and certain other facilities, limitations on loans to one borrower and loans to affiliated persons, and other aspects of the business of banks. Recent federal legislation has instructed federal agencies to adopt standards or guidelines governing banks' internal controls, information systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation and benefits, asset quality, earnings and stock valuation, and other matters. Legislation adopted in 1994 gives the federal banking agencies greater flexibility in implementing standards on asset quality, earnings, and stock valuation. Regulatory authorities have broad flexibility to initiate proceedings designed to prohibit banks from engaging in unsafe and unsound banking practices.

NBT, Pioneer American, and their respective subsidiaries are also affected by various other governmental requirements and regulations, general economic conditions, and the fiscal and monetary policies of the federal government and the Federal Reserve Board. The monetary policies of the Federal Reserve Board influence to a significant extent the overall growth of loans, investments, deposits, interest rates charged on loans, and interest rates paid on deposit. The nature and impact of future changes in monetary policies are often not predictable.

SUPPORT OF SUBSIDIARY BANKS

Under current Federal Reserve Board policy, a bank holding company is expected to act as a source of financial and managerial strength to each of its subsidiary banks by standing ready to use available resources to provide adequate capital funds to its subsidiary banks during periods of financial adversity and by maintaining the financial flexibility and capital-raising capacity to obtain additional resources for assisting its subsidiary banks. The support expected by the Federal Reserve Board may be required at times when the bank holding company may not have the resources or inclination to provide it.

Section 55 of the National Bank Act permits the OCC to order the pro-rata assessment of stockholders of a national bank whose capital has become impaired. NBT and Pioneer American are the sole stockholders of NBT Bank, LA Bank and Pioneer American Bank. If a stockholder fails, within three months, to pay that assessment, the OCC can order the sale of the stockholder's stock to cover the deficiency. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank would be assumed by the bankruptcy trustee and entitled to priority of payment.

If a default occurred with respect to a bank, any capital loans to the bank from its parent holding company would be subordinate in right of payment to payment of the bank's depositors and certain of its other obligations.

LIABILITY OF COMMONLY CONTROLLED BANKS

Any depository institution insured by the FDIC can be held liable for any loss incurred, or reasonably expected to be incurred, by the FDIC in connection with:

- o the default of a commonly controlled FDIC-insured depository institution or
- o any assistance provided by the FDIC to a commonly controlled FDIC-insured depository institution in danger of default.

"Default" generally is defined as the appointment of a conservator or receiver, and "in danger of default" generally is defined as the existence of certain conditions indicating that a default is likely to occur in the absence of regulatory assistance.

DEPOSITOR PREFERENCE STATUTE

In the "liquidation or other resolution" of an institution by any receiver, federal legislation provides that deposits and certain claims for administrative expenses and employee compensation against an insured bank are afforded a priority over other general unsecured claims against that bank, including federal funds and letters of credit.

CAPITAL REQUIREMENTS

NBT and Pioneer American are subject to risk-based capital requirements and guidelines imposed by the Federal Reserve Board, which are substantially similar to the capital requirements and guidelines imposed by the OCC on national banks. For this purpose, a bank's or bank holding company's assets and certain specified off-balance sheet commitments are assigned to four risk categories, each weighted differently based on the level of credit risk that is ascribed to those assets or commitments. In addition, risk-weighted assets are adjusted for low-level recourse and market-risk equivalent assets. A bank's or bank holding company's capital, in turn, includes the following tiers:

- o core ("Tier 1") capital, which includes common equity, non-cumulative perpetual preferred stock, a limited amount of cumulative perpetual preferred stock, and minority interests in equity accounts of consolidated subsidiaries, less goodwill, certain identifiable intangible assets, and certain other assets; and
- o supplementary ("Tier 2") capital, which includes, among other items, perpetual preferred stock not meeting the Tier 1 definition, mandatory convertible securities, subordinated debt and allowances for loan and lease losses, subject to certain limitations, less certain required deductions.

NBT and Pioneer American, like other bank holding companies, are required to maintain Tier 1 and "Total Capital" (the sum of Tier 1 and Tier 2 capital, less certain deductions) equal to at least 4 percent and 8 percent of their total risk-weighted assets (including certain off-balance-sheet items, such as unused lending commitments and standby letters of credit), respectively. At December 31, 1999, NBT and Pioneer American each met both requirements, with Tier 1 and total capital equal to 13.63 percent and 14.78 percent (in the case of NBT) and 14.56 percent and 15.81 percent (in the case of Pioneer American) of total risk-weighted assets. On an NBT-and-Pioneer American basis, these ratios at December 31, 1999 would have been 13.78 percent for Tier 1 capital and 14.95 percent for total capital.

The Federal Reserve Board and the OCC have adopted rules to incorporate market and interest rate risk components into their risk-based capital standards. Amendments to the risk-based capital requirements, incorporating market risk, became effective January 1, 1998. Under the new market-risk requirements, capital will be allocated to support the amount of market risk related to a financial institution's ongoing trading activities.

The Federal Reserve Board also requires bank holding companies to maintain a minimum "Leverage Ratio" (Tier 1 capital to adjusted total assets) of 3 percent if the bank holding company has the highest regulatory rating and meets certain other requirements, or of 3 percent plus an additional cushion of at least 1 to 2 percentage points if the bank holding company does not meet these requirements. At December 31, 1999, NBT's leverage ratio was 8.74 percent and Pioneer American's leverage ratio was 8.11 percent. On an NBT-and-Pioneer American basis, the leverage ratio at December 31, 1999 would have been 8.63 percent.

The Federal Reserve Board may set capital requirements higher than the minimums noted above for holding companies whose circumstances warrant it. For example, bank holding companies experiencing or anticipating significant growth may be expected to maintain strong capital positions substantially above the minimum supervisory levels without significant reliance on intangible assets. Furthermore, the Federal Reserve Board has indicated that it will consider a "Tangible Tier 1 Leverage Ratio" (deducting all intangibles) and other indicia of capital strength in evaluating proposals for expansion or new activities or when a bank holding company faces unusual or abnormal risks. The Federal Reserve Board has not advised NBT or Pioneer American of any specific minimum leverage ratio applicable to it.

NBT Bank, LA Bank and Pioneer American Bank are subject to similar risk-based capital and leverage requirements adopted by the OCC. NBT Bank, LA Bank and Pioneer American Bank were in compliance with the applicable minimum capital requirements as of December 31, 1999. The OCC has not advised NBT Bank, LA Bank or Pioneer American Bank of any specific minimum leverage ratio applicable to it.

Failure to meet capital requirements could subject a bank to a variety of enforcement remedies, including the termination of deposit insurance by the FDIC, and to certain restrictions on its business. The Federal Deposit Insurance Corporation Improvements Act of 1991 ("FDICIA"), among other things, identifies five capital categories for insured banks -- well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized -- and requires federal bank regulatory agencies to implement systems for "prompt corrective action" for insured banks that do not meet minimum capital requirements based on these categories. The FDICIA imposes progressively more restrictive constraints on operations, management, and capital distributions, depending on the category in which an institution is classified. Unless a bank is well capitalized, it is subject to restrictions on its ability to offer brokered deposits, on "pass-through" insurance coverage for certain of its accounts, and on certain other aspects of its operations. FDICIA generally prohibits a bank from paying any dividend or making any capital distribution or paying any management fee to its holding company if the bank would thereafter be undercapitalized. An undercapitalized bank is subject to regulatory monitoring and may be required to divest itself of or liquidate subsidiaries. Holding companies of such institutions may be required to divest themselves of such institutions or divest themselves of or liquidate other affiliates. An undercapitalized bank must develop a capital restoration plan, and its parent bank holding company must guarantee the bank's compliance with the plan up to the lesser of 5 percent of the bank's assets at the time it became undercapitalized or the amount needed to comply with the plan. Critically undercapitalized institutions are prohibited from making payments of principal and interest on subordinated debt and are generally subject to the mandatory appointment of a conservator or receiver.

Rules adopted by the OCC under FDICIA provide that a national bank is deemed to be well capitalized if the bank has a total risk-based capital ratio of 10 percent or greater, a Tier 1 risk-based capital ratio of 6 percent or greater, and a leverage ratio of 5 percent or greater and the institution is not subject to a written agreement, order, capital directive, or prompt corrective action directive to meet and maintain a specific level of any capital measure. As of December 31, 1999, NBT Bank, LA Bank and Pioneer American Bank were well-capitalized, based on the prompt corrective action ratios and guidelines described above. It should be noted, however, that a national bank's capital category is determined solely for the purpose of applying the OCC's prompt corrective action regulations, and

that the capital category may not constitute an accurate representation of the bank's overall financial condition or prospects.

BROKERED DEPOSITS

Under FDIC regulations, no FDIC-insured bank can accept brokered deposits unless it

- o is well capitalized, or
- o is adequately capitalized and receives a waiver from the FDIC.

In addition, these regulations prohibit any bank that is not well capitalized from paying an interest rate on brokered deposits in excess of three-quarters of one percentage point over certain prevailing market rates.

DIVIDEND RESTRICTIONS

NBT is a legal entity separate and distinct from NBT Bank. Similarly, Pioneer American is a legal entity separate and distinct from Pioneer American Bank. In general, under the law of their state of incorporation, NBT and Pioneer American cannot pay a cash dividend if such payment would render them insolvent. The revenues of NBT and Pioneer American consist primarily of dividends paid by NBT Bank and Pioneer American Bank respectively. Various federal and state statutory provisions limit the amount of dividends NBT Bank and Pioneer American Bank can pay to NBT and Pioneer American without regulatory approval. Dividend payments by national banks are limited to the lesser of:

- o the level of undivided profits, and
- o absent regulatory approval, an amount not in excess of net income for the current year combined with retained net income for the preceding two years.

At December 31, 1999, approximately \$27.2 million and \$4.2 million of the total stockholders' equity of NBT Bank and Pioneer American Bank were available for payment of dividends to NBT and Pioneer American, respectively, without approval by the OCC.

In addition, federal bank regulatory authorities have authority to prohibit NBT Bank and Pioneer American Bank from engaging in an unsafe or unsound practice in conducting their business. Depending upon the financial condition of the bank in question, the payment of dividends could be deemed to constitute an unsafe or unsound practice. The ability of NBT Bank and Pioneer American Bank to pay dividends in the future is currently influenced, and could be further influenced, by bank regulatory policies and capital guidelines.

DEPOSIT INSURANCE ASSESSMENTS

The deposits of NBT Bank, LA Bank and Pioneer American Bank are insured up to regulatory limits by the FDIC and, accordingly, are subject to deposit insurance assessments to maintain the Bank Insurance Fund (the "BIF") administered by the FDIC. The FDIC has adopted regulations establishing a permanent risk-related deposit insurance assessment system. Under this system, the FDIC places each insured bank in one of nine risk categories based on the bank's capitalization and supervisory evaluations provided to the FDIC by the institution's primary federal regulator. Each insured bank's insurance assessment rate is then determined by the risk category in which it is classified by the FDIC.

In the light of the recent favorable financial situation of the federal deposit insurance funds and the recent low number of depository institution failures, effective January 1, 1997 the annual insurance premiums on bank deposits insured by the BIF vary between \$0.00 per \$100 of deposits for banks classified in the highest capital and

supervisory evaluation categories to \$0.27 per \$100 of deposits for banks classified in the lowest capital and supervisory evaluation categories. BIF assessment rates are subject to semi-annual adjustment by the FDIC within a range of up to five basis points without public comment. The FDIC also possesses authority to impose special assessments from time to time.

The Deposit Insurance Funds Act provides for assessments to be imposed on insured depository institutions with respect to deposits insured by the BIF (in addition to assessments currently imposed on depository institutions with respect to BIF-insured deposits) to pay for the cost of Financing Corporation ("FICO") funding. The FDIC established the FICO assessment rates effective for the fourth quarter 1999 at approximately \$0.012 per \$100 annually for BIF-assessable deposits. The FICO assessments are adjusted quarterly to reflect changes in the assessment bases of the FDIC insurance funds and do not vary depending upon a depository institution's capitalization or supervisory evaluations. In 1999, NBT Bank and Pioneer American Bank paid FICO assessments of \$165,897 and \$35,328, respectively.

INTERSTATE BANKING AND BRANCHING

Under the Riegle-Neal Interstate Banking and Branching Efficiency Act ("Riegle-Neal"), subject to certain concentration limits and other requirements:

- o bank holding companies such as NBT and Pioneer American are permitted to acquire banks and bank holding companies located in any state;
- o any bank that is a subsidiary of a bank holding company is permitted to receive deposits, renew time deposits, close loans, service loans, and receive loan payments as an agent for any other depository institution subsidiary of that bank holding company; and
- o banks are permitted to acquire branch offices outside their home states by merging with out-of-state banks, purchasing branches in other states, and establishing de novo branch offices in other states.

The ability of banks to acquire branch offices through purchase or opening of other branches is contingent, however, on the host state having adopted legislation "opting in" to those provisions of Riegle-Neal. In addition, the ability of a bank to merge with a bank located in another state is contingent on the host state not having adopted legislation "opting out" of that provision of Riegle-Neal.

CONTROL ACQUISITIONS

The Change in Bank Control Act prohibits a person or group of persons from acquiring "control" of a bank holding company, unless the Federal Reserve Board has been notified and has not objected to the transaction. Under a rebuttable presumption established by the Federal Reserve Board, the acquisition of 10 percent or more of a class of voting stock of a bank holding company with a class of securities registered under Section 12 of the Exchange Act, such as NBT or Pioneer American, would, under the circumstances set forth in the presumption, constitute acquisition of control of the bank holding company.

In addition, a company is required to obtain the approval of the Federal Reserve Board under the BHC Act before acquiring 25 percent (5 percent in the case of an acquiror that is a bank holding company) or more of any class of outstanding common stock of a bank holding company, such as NBT or Pioneer American, or otherwise obtaining control or a "controlling influence" over that bank holding company.

FINANCIAL MODERNIZATION

On November 12, 1999, the President signed into law the Gramm-Leach-Bliley Act (the "Act") which will, effective March 11, 2000, permit qualifying bank holding companies to become financial holding companies and thereby affiliate with securities firms and insurance companies and engage in other activities that are financial in nature or complementary thereto, as determined by the Federal Reserve Board. A bank holding company may elect to become a financial holding company if each of its subsidiary banks (a) is well capitalized under the prompt corrective action provisions of FDICIA, (b) is well managed, and (c) has at least a satisfactory rating under the Community Reinvestment Act. The Act identifies several activities as "financial in nature," including, among others, insurance underwriting and agency, investment advisory services, and underwriting, dealing in or making a market in securities. Under the Act, subject to limitations on investment, a national bank may, through a financial subsidiary of the bank, engage in activities that are financial in nature, or incidental thereto, excluding, among others, insurance underwriting, insurance company portfolio investment, real estate development and real estate investment if the bank is well capitalized, well managed and has at least a satisfactory CRA rating. Subsidiary banks of a financial holding company or national banks with financial subsidiaries must continue to be well capitalized and well managed in order to continue to engage in activities that are financial in nature without regulatory actions or restrictions, which could include divestiture of a non-banking subsidiary or subsidiaries. A bank holding company which does not elect to become a financial holding company may continue to engage in activities approved for bank holding companies by the Federal Reserve Board prior to enactment of the Act.

The Act does not significantly alter the regulatory regimes under which NBT, Pioneer American, NBT Bank, LA Bank or Pioneer American Bank currently operate, as we describe above. While certain business combinations not currently permissible will be possible after March 11, 2000, we cannot predict at this time resulting changes in the competitive environment or the financial condition of NBT, Pioneer American, NBT Bank, LA Bank or Pioneer American Bank. Using the financial holding company structure, insurance companies and securities firms may acquire bank holding companies, such as NBT, Pioneer American or the combined company, and may compete more directly with banks or bank holding companies. Neither NBT nor Pioneer American have, at this time, made any decisions with respect to whether they or the combined company will elect to become a financial holding company under the Act.

FUTURE LEGISLATION

Various legislation, including proposals to substantially change the financial institution regulatory system and to expand or contract the powers of banking institutions and bank holding companies, is from time to time introduced in the Congress. This legislation may change banking statutes and the operating environment of the combined company and its subsidiaries in substantial and unpredictable ways. If enacted, such legislation could increase or decrease the cost of doing business, limit or expand permissible activities or affect the competitive balance among banks, savings associations, credit unions, and other financial institutions. Neither NBT nor Pioneer American can accurately predict whether any of this potential legislation will ultimately be enacted, and, if enacted, the ultimate effect that it, or implementing regulations, would have upon the financial condition or results of operations of the combined company or any of its subsidiaries.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

We requested Duane, Morris & Heckscher LLP, counsel to NBT, to deliver an opinion as to the anticipated material federal income tax consequences of the merger. In rendering its opinion, Duane, Morris & Heckscher LLP assumed, among other things, that the merger and related transactions will take place as described in the merger agreement. Consummation of the merger is conditioned upon the receipt of an opinion that the merger will qualify as a reorganization under ss. 368(a)(1) of the Internal Revenue Code of 1986, as amended.

The discussion below and the opinion of Duane, Morris & Heckscher LLP are based upon the Internal Revenue Code, Treasury Regulations thereunder and administrative rulings and court decisions as of the date of this proxy statement-prospectus. The opinion of Duane, Morris & Heckscher LLP is based on the facts, representations

and assumptions set forth or referred to in the opinion, including representations contained in certificates executed by officers of NBT and Pioneer American. The opinion is attached as Exhibit 8. No rulings have been, or will be, requested from the Internal Revenue Service as to the federal income tax consequences of the merger. In addition, the opinion of counsel is not binding on the Internal Revenue Service, and there can be no assurance that the Internal Revenue Service will not take a position contrary to one or more positions reflected in the opinions or that the positions reflected in the opinion will be upheld by the courts if challenged by the Internal Revenue Service. Future legislative, judicial or administrative changes or interpretations could alter or modify the statements and conclusions set forth below, and any such changes or interpretations could be retroactive and could affect the tax consequences to stockholders of Pioneer American.

The following would be the material federal income tax consequences of the merger:

- (1) the merger will qualify as a "reorganization" under Section 368(a)(1) of the Internal Revenue Code of 1986, as amended;
- (2) no gain or loss will be recognized by Pioneer American or NBT in the merger;
- (3) no gain or loss will be recognized by the stockholders of Pioneer American upon their receipt of NBT common stock in exchange for their Pioneer American common stock, except that the cash proceeds received for fractional interests in NBT common stock will be treated as having been received as a distribution in full payment in exchange for the fractional share interests redeemed. A stockholder of Pioneer American who receives cash instead of a fractional share of NBT common stock will recognize gain or loss equal to the difference between the cash received and the stockholder's basis in that fractional share, and that gain or loss will be capital gain or loss if the fractional share would have been a capital asset in the hands of the stockholder;
- (4) the tax basis of the shares of NBT common stock (including fractional interests) received by the Pioneer American stockholders will be the same as the tax basis of their Pioneer American common stock exchanged for the NBT stock; and
- (5) the holding period of the NBT common stock in the hands of former Pioneer American stockholders will include the holding period of their Pioneer American common stock exchanged for the NBT stock, provided the Pioneer American common stock is held as a capital asset at the effective date of the merger.

The discussion and the opinion of Duane, Morris & Heckscher LLP do not purport to deal with all tax aspects of federal income taxation that may affect particular stockholders of Pioneer American in light of their individual circumstances, and are not intended for holders subject to special treatment under the tax law (including dealers in securities, financial institutions, insurance companies, tax-exempt organizations, non-United States persons, holders who hold their stock as part of a hedging transaction, an appreciated financial position, straddle or conversion transaction, holders who do not hold their stock as capital assets and holders who acquired their stock pursuant to the exercise of options or otherwise as compensation). In addition, the discussion and the opinion do not consider the effect of any applicable state, local or foreign tax laws.

EACH STOCKHOLDER OF PIONEER AMERICAN IS URGED TO CONSULT HIS OR HER TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES TO THE STOCKHOLDER OF THE MERGER, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF CHANGES IN APPLICABLE TAX LAWS.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

NBT common stock trades on the Nasdaq National Market under the symbol "NBTB." Following the merger, the shares of NBT common stock will continue to trade on the Nasdaq National Market under that symbol. Pioneer American common stock trades on the over-the-counter market under the symbol "PAHC.OB." Following the merger, NBT will deregister the Pioneer American common stock under the Exchange Act, and the common stock of Pioneer American will cease trading in the over-the-counter market.

The following table has been restated to reflect the payment by NBT on December 15, 1999 of a 5% stock dividend and sets forth for the periods indicated (1) the range of high and low sales prices of the NBT common stock and the Pioneer American common stock, and (2) the amount of cash dividends declared per share by each company:

	NBT			PIONEER AMERICAN		
	SALES PRICES		DIVIDENDS	SALE PRICE		DIVIDENDS
	HIGH	LOW		HIGH	LOW	
1998						
First Quarter	\$19.05	\$15.99	\$ 0.117	\$23.50	\$21.38	\$0.190
Second Quarter	23.48	18.37	0.154	25.25	22.50	0.190
Third Quarter	23.81	17.58	0.154	24.50	22.00	0.190
Fourth Quarter	24.29	19.72	0.162	23.50	22.00	0.200
1999						
First Quarter	\$23.33	\$19.89	\$ 0.162	\$22.50	\$19.00	\$ 0.200
Second Quarter	21.19	19.05	0.162	28.00	19.13	0.200
Third Quarter	20.90	16.43	0.162	26.00	20.75	0.200
Fourth Quarter	17.98	14.63	0.170	30.00	23.50	0.200
2000						
First Quarter (through March 27, 2000)	\$16.50	\$11.38	\$ 0.170	\$27.25	\$19.75	\$ 0.200

The timing and amount of future dividends will depend upon earnings, cash requirements, the financial condition of NBT and its subsidiaries (and, prior to completion of the merger, of Pioneer American and its subsidiary insofar as Pioneer American dividends are concerned), applicable government regulations, and other factors deemed relevant by the NBT Board (and by the Pioneer American Board prior to completion of the merger). As described under "Regulation and Supervision -- Dividend Restrictions," various federal and state laws limit the ability of affiliated banks to pay dividends to NBT and Pioneer American. The merger agreement restricts the cash dividends payable on Pioneer American common stock pending completion of the merger. See "The Issuance of NBT Common Stock in the Merger and Ratification of the Merger Agreement -- Conduct of Business Pending Completion the Merger."

On December 7, 1999, the last full trading day prior to the public announcement of the proposed merger, the highest sales price of NBT common stock was \$16.75 per share, the lowest sales price of NBT common stock was \$16.25 per share and the last reported sales price of NBT common stock was \$16.25 per share. On March 27, 2000, the most recent practicable date prior to the printing of this joint proxy statement/prospectus, the last reported sales price of NBT common stock was \$14.25 per share. The preceding stock quotations reflect NBT's payment on December 15, 1999 of a 5% stock dividend. We urge stockholders to obtain current market quotations prior to making any decisions with respect to the merger.

On December 7, 1999, the last full trading day prior to the public announcement of the proposed merger, the highest sales price of Pioneer American common stock was \$27.75 per share, the lowest sales price of Pioneer American common stock was \$27.75 per share and the last reported sales price of Pioneer American common stock was \$27.75 per share. On March 27, 2000, the most recent practicable date prior to the printing of this joint proxy

statement/prospectus, the last reported sales price of Pioneer American common stock was \$22.25 per share. We urge stockholders to obtain current market quotations prior to making any decisions with respect to the merger.

As of February 29, 2000, there were 5,195 holders of record of NBT common stock and 1,445 holders of record of Pioneer American common stock.

DESCRIPTION OF NBT CAPITAL STOCK

AUTHORIZED CAPITAL STOCK

NBT's current authorized stock consists of 30,000,000 shares of common stock, \$.01 par value per share and 2,500,000 shares of preferred stock, \$.01 par value per share, none of which are outstanding. The NBT Board is authorized to issue, without further stockholder approval, preferred stock from time to time in one or more series, and to determine the provisions applicable to each series, including, the number of shares, dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption, sinking fund provisions, redemption price or prices, and liquidation preferences. As of February 29, 2000, 18,100,868 shares of NBT common stock were outstanding.

COMMON STOCK

Under Delaware law, stockholders generally are not personally liable for a corporation's acts or debts. Subject to the preferential rights of any other shares or series of capital stock, holders of shares of NBT common stock are entitled to receive dividends on shares of common stock if, as and when authorized and declared by the NBT Board out of funds legally available for dividends and to share ratably in the assets of NBT legally available for distribution to its stockholders in the event of its liquidation, dissolution or winding-up after payment of, or adequate provision for, all known debts and liabilities of NBT.

Each outstanding share of NBT common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors. Unless a larger vote is required by law, the NBT certificate of incorporation or the NBT bylaws, when a quorum is present at a meeting of stockholders, a majority of the votes properly cast upon any question other than the election of directors shall decide the question. A plurality of the votes properly cast for the election of a person to serve as a director shall elect such person. Except as otherwise required by law or except as provided with respect to any other class or series of capital stock, the holders of NBT common stock possess the exclusive voting power. There is no cumulative voting in the election of directors. The NBT Board is classified into three categories with each category equal in number. This means, in general, that one-third of the members of the NBT Board are subject to reelection at each annual meeting of stockholders.

Holders of NBT common stock have no conversion, sinking fund or redemption rights, or preemptive rights to subscribe for any of NBT's classes of stock.

All shares of NBT common stock have equal dividend, distribution, liquidation and other rights, and have no preference, appraisal or exchange rights.

For a description of the provisions of the NBT Certificate of Incorporation that may have the effect of delaying, deferring or preventing a change in control of NBT, see "Comparison of Stockholders' Rights -- Restrictions upon Certain Business Combinations."

PREFERRED STOCK

The NBT Board is authorized, without any further vote or action by the NBT stockholders, to issue shares of preferred stock in one or more series, to establish the number of shares in each series and to fix the designation, powers, preferences and rights of each such series and the qualifications, limitations or restrictions of the series, in

each case, if any, as are permitted by Delaware law. Because the NBT Board has the power to establish the preferences and rights of each class or series of preferred stock, it may afford the stockholders of any series or class of preferred stock preferences, powers and rights, voting or otherwise, senior to the rights of holders of shares of NBT common stock. The issuance of shares of preferred stock could have the effect of delaying, deferring or preventing a change in control of NBT.

STOCKHOLDER RIGHTS PLAN

In November 1994, NBT adopted a stockholder rights plan designed to ensure that any potential acquiror of NBT would negotiate with the NBT Board and that all NBT stockholders would be treated equitably in the event of a takeover attempt. At that time, NBT paid a dividend of one Preferred Share Purchase Right for each outstanding share of NBT common stock. Similar rights are attached to each share of NBT common stock issued after November 15, 1994, including the shares of common stock issuable in the merger. The rights will continue to trade with the shares of NBT common stock following adoption of the par value amendment. Under the rights plan, the rights will not be exercisable until a person or group acquires beneficial ownership of 20 percent or more of the NBT outstanding common stock, begins a tender or exchange offer for 25 percent or more of the NBT common stock, or an adverse person, as declared by the NBT Board, acquires 10 percent or more of the NBT common stock. Additionally, until the occurrence of such an event, the rights are not severable from the NBT common stock and therefore, the rights will transfer upon the transfer of shares of the NBT common stock. Upon the occurrence of such events, each right entitles the holder to purchase one one-hundredth of a share of NBT Series R Preferred Stock, \$.01 par value per share, at a price of \$100. The rights plan also provides that upon the occurrence of certain specified events the holders of rights will be entitled to acquire additional equity interests in NBT or in the acquiring entity, such interests having a market value of two times the right's exercise price of \$100. The rights expire November 14, 2004, and are redeemable in whole, but not in part, at NBT's option prior to the time they become exercisable, for a price of \$0.01 per right. The rights have certain anti-takeover effects. The rights may cause substantial dilution to a person or group that attempts to acquire NBT on terms not approved by the NBT Board. The rights should not interfere with any merger or other business combination approved by the NBT Board.

REGISTRAR AND TRANSFER AGENT

NBT's registrar and transfer agent is American Stock Transfer and Trust Company, New York, New York.

COMPARISON OF STOCKHOLDERS' RIGHTS

Upon completion of the merger, the stockholders of Pioneer American will become stockholders of NBT. The rights of Pioneer American stockholders are presently governed by Pennsylvania law, the Pioneer American Articles of Incorporation and the Pioneer American bylaws. As stockholders of NBT following the merger, the rights of former Pioneer American stockholders will be governed by Delaware law, the NBT Certificate of Incorporation and the NBT bylaws. The following chart summarizes the material differences between the rights of holders of Pioneer American common stock prior to and after completion of the merger. You can obtain copies of the governing corporate instruments of NBT and Pioneer American, without charge, by following the instructions listed under "Where You Can Find More Information."

PIONEER AMERICAN STOCKHOLDERS'
RIGHTS PRE-MERGER

PIONEER AMERICAN STOCKHOLDERS'
RIGHTS POST-MERGER

Special Meeting of
Stockholders

Under Pioneer American's Bylaws, special meetings of the stockholders may be called at any time by the board of directors or by any three or more stockholders entitled to cast at least twenty-five (25%) of the vote which all stockholders are entitled to cast at a particular meeting.

Stockholders may call a special meeting of stockholders at the written request of the holders of at least 50% of all shares entitled to vote at the meeting.

Inspection of Voting
List of Stockholders

Stockholders may inspect a list of stockholders entitled to vote at a meeting of stockholders at the time and place of the meeting and during the whole time of the meeting.

Stockholders may inspect a list of stockholders at least ten days before the meeting for which the list was prepared and at the time and place of the meeting and during the whole time of the meeting.

Classification of the
Board of Directors

The Pioneer American Board is divided into four classes, with directors in each class being elected for staggered four-year terms.

The NBT Board is divided into three classes, with directors in each class being elected for staggered three-year terms.

Election of the Board
of Directors

Directors are elected by a plurality of the votes cast.

Directors are elected by a plurality of the votes cast.

Removal of Directors

Stockholders may remove a director only for cause by the affirmative vote of at least 75% of shareholders entitled to cast votes.

Stockholders may remove a director only for cause by the affirmative vote of a majority in voting power of the stockholders entitled to vote and to be present at the meeting called for such purpose.

Vacancies on the Board
of Directors

Stockholders may fill vacancies, created by stockholders' removal of a director, at a stockholders' meeting. Directors may fill vacancies, including vacancies resulting from an increase in the number of directors, by a majority vote of the directors then in office. The director chosen by the current directors to fill the vacancy holds the office for the unexpired term of the class to which they are elected.

Stockholders may fill vacancies at a stockholders' meeting. Directors may fill vacancies by a majority vote of the directors then in office. The director chosen by the current directors to fill the vacancy holds the office until the time of the next election of directors, at which point the stockholders shall fill the vacancy for the remainder of the unexpired term of office. Directors may also fill newly-created directorships other than an increase by more than three in the number of directors.

PIONEER AMERICAN STOCKHOLDERS'
RIGHTS PRE-MERGER

PIONEER AMERICAN STOCKHOLDERS'
RIGHTS POST-MERGER

Liability of Directors

Directors are not personally liable to Pioneer American or its stockholders for monetary damages for any action taken or for any failure to take any action, unless the director has breached or failed to perform his or her fiduciary duties of loyalty, good faith and due care and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The foregoing does not apply to the responsibility or liability of a director pursuant to a criminal statute or the liability of a director for the payment of taxes pursuant to local, state or federal law.

Directors are not personally liable to NBT or its stockholders for monetary damages for breaches of fiduciary duty, except (1) for breach of the director's duty of loyalty, (2) for acts and omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) for unlawful payments of dividends or unlawful stock purchases or redemptions or (4) for any transaction where the director received an improper personal benefit.

Indemnification of
Directors, Officers,
Employees or Agents

A Pioneer American director, officer, employee or agent is entitled to indemnification if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of Pioneer American and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

An NBT director or officer is entitled to indemnification if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of NBT and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Restrictions upon
Certain Business
Combinations

No merger, consolidation, liquidation or dissolution of Pioneer American nor any action that would result in the sale or other disposition of all or substantially all of the assets of Pioneer American shall be valid unless first approved by the affirmative vote of the holders of 70% of the outstanding shares of Pioneer American common stock.

Any business combination involving NBT or a subsidiary and a major stockholder or affiliate requires the affirmative vote of the holders of not less than 80% of the outstanding shares of NBT common stock, excluding the shares owned by the major stockholder and its affiliates. The certificate defines "major stockholder" as any person who beneficially owns 5% or more of NBT's voting stock. This provision will not apply to a business combination involving a major stockholder or its affiliate if the business combination is approved by two-thirds of directors who were directors prior to the time when the major stockholder became a major stockholder.

PIONEER AMERICAN STOCKHOLDERS'
RIGHTS PRE-MERGER

PIONEER AMERICAN STOCKHOLDERS'
RIGHTS POST-MERGER

Mergers, Share
Exchanges or Asset
Sales

No merger, consolidation, liquidation or dissolution of Pioneer American nor any action that would result in the sale or other disposition of all or substantially all of the assets of Pioneer American shall be valid unless first approved by the affirmative vote of the holders of 70% of the outstanding shares of Pioneer American common stock.

Any business combination that does not involve a major stockholder or an affiliate requires such vote, if any, as may be required by Delaware law.

Amendments to
Certificate or Articles
of Incorporation

Amendments which are proposed by stockholders, and which have not been previously approved by the Board of Directors, shall require the affirmative vote of at least 75% of the votes which stockholders are entitled to cast. Any amendment to Article 12, relating to business combinations, requires the affirmative vote of the holders of 70% of the outstanding shares of Pioneer American common stock.

Amendments generally require approval of a majority of the outstanding stock entitled to vote upon the amendment. Any amendment to Article ELEVENTH relating to business combinations requires the affirmative vote of at least 80% of the outstanding shares of voting stock, and if there is a major stockholder, such 80% vote must include the affirmative vote of at least 80% of the outstanding shares of voting stock held by stockholders other than the major stockholder and its affiliates.

Amendments to Bylaws

A majority of the directors may make, amend or repeal the bylaws.

A majority of the directors, or stockholders holding a majority of the outstanding shares entitled to vote, may make, amend or repeal the bylaws. The NBT bylaws permit the stockholders to adopt, approve or designate bylaws that may not be amended, altered or repealed except by a specified percentage in interest of all the stockholders or of a particular class of stockholders.

Appraisal/ Dissenters'
Rights

Pioneer American stockholders have dissenters' rights to be paid in cash fair value of their Pioneer American shares as a result of a business combination.

Stockholders generally do not have the appraisal rights.

The following discussion summarizes in further detail the material differences between the rights of holders of Pioneer American common stock and holders of NBT common stock. This summary does not purport to be complete and we qualify the summary in its entirety by reference to the Pioneer American Articles of Incorporation, the Pioneer American bylaws, the NBT Certificate of Incorporation and the NBT bylaws and the relevant provisions of Pennsylvania and Delaware law.

SPECIAL MEETINGS OF STOCKHOLDERS

The Pioneer American bylaws provide that the board of directors or by any three or more stockholders entitled to cast at least 25% of the shares entitled to vote at a particular meeting may call special meetings of the Pioneer American stockholders.

The NBT bylaws provide that the board of directors, the chairman of the board of directors, or the holders of not less than 50% of all the shares entitled to vote at the meeting may call special meetings of the stockholders.

INSPECTION OF VOTING LIST OF STOCKHOLDERS

Pennsylvania law requires Pioneer American's transfer agent to make a complete list of the stockholders entitled to vote at any meeting of Pioneer American stockholders, arranged in alphabetical order, with the address of and number of shares held by each stockholder. This list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any stockholder during the whole time of the meeting.

The NBT bylaws provide that the secretary will make available a list of stockholders entitled to notice of a stockholders meeting for inspection by any stockholder, at least ten days before the meeting and continuing through the meeting. In addition, any stockholder of record that is entitled to vote at that meeting is entitled to inspect the list at any time during the meeting or at any adjournment. Delaware law provides that any stockholder shall, upon written demand under oath stating the purpose of the demand, have the right during usual business hours to inspect for any proper purpose the corporation's stock ledger, a list of stockholders, and its other books and records, and to make copies or extracts from this material.

CUMULATIVE VOTING

Neither the Pioneer American Articles of Incorporation nor the NBT Certificate of Incorporation permits stockholders to cumulate their votes for the election of directors.

PREEMPTIVE RIGHTS

Neither Pioneer American stockholders nor NBT stockholders have a preemptive right to acquire or subscribe to any or all additional issues of the corporation's stock.

CLASSIFICATION OF THE BOARD OF DIRECTORS

Both the Pioneer American Articles of Incorporation and the NBT Certificate of Incorporation provide that their respective boards of directors are to be classified and divided into four classes in the case of Pioneer American and three classes in the case of NBT, as nearly equal in number as possible, with the directors in each class being elected for staggered four-year terms and three-year terms, respectively.

ELECTION OF THE BOARD OF DIRECTORS

Under Pennsylvania law, candidates for Pioneer American director who receive the highest number of votes shall be elected. If at a meeting of Pioneer American stockholders, directors of more than one class are to be elected, each class of directors shall be elected in a separate election.

The NBT bylaws provide that a nominee for director is elected by a plurality of the votes present in person or by proxy and entitled to vote in the election at a stockholders meeting at which a quorum is present.

REMOVAL OF DIRECTORS

The Pioneer American bylaws provide that the stockholders may remove, only for cause, the entire board of directors, any class of directors or any individual director by the affirmative vote of at least 75% of the stockholders entitled to vote at a meeting called for this purpose.

The NBT bylaws, together with applicable Delaware law, provide that the stockholders may remove any director at any time, only for cause, by the affirmative vote of a majority in voting power of the stockholders entitled to vote and to be present in person or by proxy at a special meeting of such stockholders for such purposes and at which a quorum is present.

ADDITIONAL DIRECTORS AND VACANCIES ON THE BOARD OF DIRECTORS

The Pioneer American Articles of Incorporation grant the board of directors the power to fix and determine the number of directors to be elected to each of the four classes of directors. If a vacancy on the board occurs, the majority vote of the then directors can fill a vacancy. Any director so elected by the board of directors shall hold office until the unexpired term of the class to which he or she was elected.

The NBT bylaws provide that the stockholders entitled to vote at an annual meeting shall determine the number of directors. Between annual meetings, the board of directors shall have the power to increase, by not more than three, the number of directors. The bylaws provide that a majority of the directors then in office may fill vacancies and newly-created directorships (but no more than three in any one year) and if at the time of the next election of directors by the stockholders the term of office of any vacancy or newly-created directorship filled by the remaining directors has not expired, then the stockholders shall fill such vacancy for the remainder of the unexpired term. Stockholders also have the general power to fill vacancies and newly-created directorships at a meeting called for that purpose.

LIABILITY OF DIRECTORS

The Pioneer American bylaws provide that no director shall be personally liable for monetary damages for any action taken or for any failure to take any action, unless:

- o the director has breached or failed to perform his fiduciary duties of loyalty, good faith and due care, and
- o the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

The above bylaw provisions do not apply to the responsibility or liability of a director pursuant to a criminal statute or the liability of a director for the payment of taxes pursuant to local, state or federal law.

The NBT Certificate of Incorporation provides that no director shall be personally liable to the corporation or its stockholders for monetary damages for breaches of fiduciary duty except where such exculpation is expressly prohibited. The NBT Certificate of Incorporation provides that this limitation does not apply to liability of a director in the following instances:

- o breach of the director's duty of loyalty to the corporation or its stockholders;
- o acts and omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- o unlawful payments of dividends and unlawful stock purchases or redemptions; or

- o any transaction from which the director derived an improper personal benefit.

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

The Pioneer American Articles of Incorporation provide that every person who is or was a director, officer, employee or agent of Pioneer American or of any other corporation which he served at the request of Pioneer American shall be indemnified to the fullest extent permitted by Pennsylvania law against all expenses and liabilities incurred by or imposed upon him or her.

The NBT bylaws provide that NBT shall indemnify directors and officers against liability incurred by reason of the fact of service as such with NBT, or by reason of the fact that they served at the request of NBT as a director or officer of another corporation or business entity, if the person acted

- o in good faith and
- o with the reasonable belief that
 - o his or her conduct when acting in the official capacity was in the best interests of the corporation and
 - o in all other cases, the person's conduct was at least not opposed to the best interests of the corporation, and
- o in any proceeding brought by a governmental entity, the person had no reasonable cause to believe his or her conduct was unlawful.

NBT may not, however, indemnify a director or officer against judgments, fines or amounts paid in settlement in connection with a proceeding by or in the right of the corporation, and may not pay expenses in any such case in which the person was adjudged liable for negligence or misconduct in the performance of his or her duty to the corporation, unless the court shall determine that such person is fairly and reasonably entitled to indemnity.

The NBT bylaws also provide for the mandatory advancement of expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding in advance of the final resolution of the matter upon receipt of an undertaking by or on behalf of such officer or director to repay the amount advanced if a court shall ultimately determine that such person is not entitled to indemnification as authorized in the bylaws.

The NBT bylaws also provide specific deadlines for the payment by NBT of indemnification and advancement obligations, and specifically contemplate the filing of actions against NBT to enforce these obligations.

RESTRICTIONS UPON CERTAIN BUSINESS COMBINATIONS

The Pioneer American Articles of Incorporation require the affirmative vote of the holders of 70% of the outstanding shares of Pioneer American common stock to approve any of the following:

- o any merger or consolidation of the corporation
- o the liquidation or dissolution of the corporation
- o any sale or other disposition of all or substantially all of the assets of the corporation

Pioneer American is also subject to several provisions of the Pennsylvania Business Corporation Law, which governs business combinations with interested stockholders. Subject to exceptions:

- o following any acquisition by any person or group of 20% of the shares of Pioneer American common stock, the remaining stockholders have the right to receive payment for their shares, in cash, from such person or group in an amount equal to the fair value of the shares, including an increment representing a proportion of any value payable for control of Pioneer American
- o prohibit for five years, a business combination which includes a merger or consolidation or a sale, lease, or exchange of assets, with a stockholder or group of stockholders who hold 20% or more of the shares of Pioneer American common stock

One of the exceptions to the 5-year prohibition of a business combination is the approval by the Pioneer American Board of the business combination, such as was done by the Board's approval of the merger agreement described in this joint proxy statement/prospectus.

The NBT Certificate of Incorporation requires the affirmative vote of not less than 80% of the voting power of all outstanding shares of capital stock of NBT entitled to vote and held by disinterested stockholders to authorize or to approve any of the following business combinations:

- o any merger, consolidation or other business reorganization or combination of NBT or any of its subsidiaries with any other corporation that is a major stockholder of NBT;
- o any sale, lease or exchange by NBT of all or a substantial part of its assets to or with a major stockholder;
- o any issue of any stock or other security of NBT or any of its subsidiaries for cash, assets or securities of a major stockholder; and
- o any reverse stock split of, or exchange of securities, cash or other properties or assets or any outstanding securities of NBT or any of its subsidiaries or liquidation or dissolution of NBT 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 stockholder.

For these purposes, the term "major stockholder" means and includes any person, corporation, partnership, or other person or entity which, together with its affiliates and associates (as defined at Rule 12b-2 under the Exchange Act), beneficially owns in the aggregate 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.

The term "substantial part" means more than 25% of the fair market value of the total consolidated assets of the corporation in question, or more than twenty-five percent 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.

The term "disinterested stockholder" means any holder of voting securities of the company other than

- o 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
- o 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.

The certificate of incorporation further provides that the provision shall not apply to a business combination which is approved by two-thirds of those members of the NBT Board who were directors prior to the time when the major stockholder became a major stockholder.

NBT is also subject to Section 203 of the Delaware General Corporation Law, which governs business combinations with interested stockholders. Subject to certain exceptions set forth in the law, Section 203 provides that a corporation shall not engage in any business combination with any interested stockholder for a three-year period following the time that such stockholder becomes an "interested stockholder" unless:

- o prior to such time, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- o the interested stockholder acquires in the transaction in which it became an interested stockholder at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding certain shares); or
- o at or subsequent to such time, the business combination is approved by the board of directors of the corporation and by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Except as specified in the law, Section 203 defines an interested stockholder to mean any person that

- o (A) is the owner of 15% or more of the outstanding voting stock of the corporation or
- o (B) is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the relevant date, or any affiliate or associate of such person referred to in (A) or (B) of this sentence.

Under certain circumstances, Section 203 makes it more difficult for an interested stockholder to effect various business combinations with a corporation for a three-year period, although the stockholders may, by adopting an amendment to the corporation's charter or bylaws, elect not to be governed by this section, effective one year after adoption. NBT has not made this election.

MERGERS, SHARE EXCHANGES OR ASSET SALES

Other than as discussed in the previous section, the Pioneer American Articles of Incorporation are silent regarding a plan of merger, consolidation, liquidation, dissolution or sale of substantially all of the assets. Pennsylvania law requires the approval of the board of directors and the holders of a majority of the outstanding shares of Pioneer American common stock, for a particular transaction to be effective, unless the Articles of Incorporation require a higher stockholder vote.

Other than as discussed in the previous section, the NBT Certificate of Incorporation is silent regarding a plan of merger, consolidation, share exchange, sale of all or substantially all of NBT's assets, and the like. The provisions of the Delaware General Corporation Law govern these transactions. Delaware law generally requires the approval of the directors and the affirmative vote of the holders of a majority of the outstanding stock entitled to vote on the proposal for the particular transaction to be effective, unless the certificate of incorporation requires a higher stockholder vote. In addition, Delaware law provides that action by the stockholders of the surviving corporation in a merger is not necessary if each of the following conditions is satisfied:

- o the agreement of merger does not amend in any respect the certificate of incorporation of such constituent corporation;
- o each share of stock of such constituent corporation outstanding immediately prior to the effective date of the merger is to be an identical outstanding or treasury share of the surviving corporation after the effective date of the merger; and
- o either (x) no shares of common stock of the surviving corporation and no shares, securities or obligations convertible into such stock are to be issued or delivered under the plan of merger, or (y) the authorized unissued shares or the treasury shares of common stock of the surviving corporation to be issued or delivered under the plan of merger plus those initially issuable upon conversion of any other shares, securities or obligations to be issued or delivered under such plan do not exceed 20% of the shares of common stock of such constituent corporation outstanding immediately prior to the effective date of the merger.

Under Delaware law, the board of directors may also effect without a stockholder vote a merger into NBT of a corporation of which 90% or more of the outstanding stock entitled to vote on the merger is owned by NBT.

AMENDMENTS TO CERTIFICATE AND ARTICLES OF INCORPORATION

The Pioneer American Articles of Incorporation provide that amendments which are proposed by stockholders, and which have not been previously approved by the Pioneer American Board, shall require the affirmative vote of at least 75% of the votes which stockholders are entitled to cast. Any amendment to Article 12, relating to business combinations, requires the affirmative vote of the holders of at least 70% of the outstanding shares of Pioneer American common stock.

The NBT Certificate of Incorporation provides that, except as stated in the next succeeding sentence, the laws of Delaware shall govern amendment of NBT's Certificate of Incorporation. The Delaware General Corporation Law provides that amendments to the certificate of incorporation require the approval of the board of directors and the affirmative vote of a majority of the outstanding stock entitled to vote on the amendment, together with the vote of a majority of the outstanding shares of a particular class in certain circumstances specified in the statute. NBT's Certificate of Incorporation states that amendment or repeal of Article ELEVENTH (regarding business combinations with a major stockholder) requires the affirmative vote of not less than 80% of the outstanding shares of NBT's voting stock; provided that if there is a major stockholder as defined by Article ELEVENTH, such 80% vote must include the affirmative vote of at least 80% of the outstanding shares of voting stock held by stockholders other than the major stockholder.

AMENDMENTS TO BYLAWS

The Pioneer American bylaws provide that a majority of the directors may amend or repeal the bylaws. Under Pennsylvania law, the stockholders can change any amendment to the bylaws made by the board of directors.

The NBT bylaws provide that a majority of the directors may amend or repeal the NBT bylaws. The stockholders of NBT may amend or repeal the bylaws by a vote of a majority of the total number of issued and outstanding shares entitled to vote. The NBT bylaws state that the stockholders may provide that certain bylaws adopted, approved or designated by them may not be amended, altered or repealed except by a certain specified percentage in interest of all the stockholders or of a particular class of stockholders. The enforceability of that provision under Delaware law is unclear.

APPRAISAL/DISSENTERS' RIGHTS

The holders of record of Pioneer American common stock as of the effective time of the merger will have dissenters' rights with respect to the merger. See "Rights of Dissenting Stockholders."

Under the Delaware General Corporation Law, appraisal rights are available in connection with a statutory merger or consolidation except in certain specified situations. Unless otherwise provided in the certificate of incorporation, no appraisal rights are available to holders of shares of any class of stock which is either:

- o listed on a national securities exchange or designated as a national market system security on an inter-dealer quotation system by the NASD or
- o held of record by more than 2,000 stockholders, unless such stockholders are required by the terms of the merger to accept anything other than:
 - o shares of stock of the surviving corporation;
 - o shares of stock of another corporation which are or will be so listed on a national securities exchange or designated as a national market system security on an inter-dealer quotation system by the NASD or held of record by more than 2,000 stockholders;
 - o cash in lieu of fractional shares of such stock; or
 - o any combination of the foregoing.

NBT's Certificate of Incorporation makes no provision for appraisal rights; thus, the provisions of Delaware law set forth above are applicable to NBT and its stockholders.

RIGHTS OF DISSENTING STOCKHOLDERS

NBT stockholders will not be entitled to appraisal rights under Delaware law.

Pioneer American stockholders will have dissenters' rights to dissent from the merger agreement and obtain the fair value of their Pioneer American shares in cash in accordance with the procedures established by Pennsylvania law.

Any Pioneer American stockholder who contemplates exercising a holder's right to dissent is urged to read carefully the provisions of Subchapter D of Chapter 15 of the Pennsylvania Business Corporation Law attached to this joint proxy statement/prospectus as Appendix D. The following is a summary of the steps to be taken if the right to dissent is to be exercised, and should be read in connection with the full text of the law found at Appendix D. A dissenting stockholder must take each step in the indicated order and in strict compliance with the provisions of the law in order to perfect dissenters' rights. The failure of a Pioneer American stockholder to comply with these procedural steps will result in the stockholder receiving NBT shares in exchange for Pioneer American shares based on the exchange ratio in the event that the merger is completed. See "The Issuance of NBT Common Stock in the Merger and Ratification of the Merger Agreement - Merger Consideration."

Any written notice of demand which is required in connection with the exercise of dissenters' rights, whether before or after the effective date of the merger, must be sent to Pioneer American Holding Company Corp., 41 North Main Street, Carbondale, Pennsylvania 18407, Attention: Chief Executive Officer.

STEP ONE - NOTICE OF INTENTION TO DISSENT

A Pioneer American stockholder must file with Pioneer American, prior to the vote on the merger agreement at the Pioneer American special meeting, a written notice of intention to demand payment in cash of the fair value of such holder's Pioneer American stock if the merger is consummated. Such stockholder cannot change in any manner the ownership of the Pioneer American stock from the date of this notice through to the effective date of the merger and must refrain from voting his, her or its Pioneer American stock for approval of the merger agreement. Neither a proxy nor a vote against approval of the merger will constitute the necessary written notice of intention to dissent.

STEP TWO - NOTICE TO DEMAND PAYMENT

If the merger agreement is approved by the Pioneer American stockholders, Pioneer American will mail a notice to all dissenters who gave notice under Step One above and who refrained from voting for approval of the merger agreement. This notice will state where and when: (1) a dissenter must send written demand for payment; and (2) the dissenters' stock certificates are to be deposited. This notice will include a form for this demand and another copy of the Pennsylvania law that is found at Appendix D.

STEP THREE - FAILURE TO COMPLY WITH THE NOTICE TO DEMAND PAYMENT

A dissenter who fails to send back to Pioneer American the notice to demand payment and deposit his or her stock certificates by the deadline stated on the form of notice to demand payment will forfeit his or her dissenters' rights for a cash payment and receive NBT shares.

STEP FOUR - PAYMENT OF FAIR VALUE OF PIONEER AMERICAN SHARES

After the effective time of the merger, NBT will give to dissenters notice of the estimated fair value of their Pioneer American shares and pay such amount or indicate that no remittance accompanies the notice. In addition, this notice will include:

- o a closing balance sheet and statement of income of Pioneer American for the most recent fiscal year and calendar quarterly period;
- o a statement expressing the estimate of the fair value of the Pioneer American shares; and
- o a notice of the right of a dissenter to demand a supplemental payment under Pennsylvania law and another copy of the Pennsylvania law which we attach as Appendix D.

STEP FIVE - ESTIMATE BY DISSENTER OF FAIR VALUE OF SHARES

If a dissenter feels that the estimated value or the amount sent is less than the fair value, a dissenter may send to NBT his or her own estimate of the fair value of the Pioneer American shares, which is deemed to be a demand for payment of the amount of the deficiency. If NBT remits payment of its estimated value and the dissenter does not file his or her own estimate within 30 days after the mailing of such payment to the dissenter, then the dissenter will be entitled to no more than the amount mailed to him or her.

STEP SIX - VALUATION PROCEEDINGS

If any demands for payment remain unsettled within 60 days after the latest to occur of:

- o the effective date of the merger;
- o receipt of Pioneer American or NBT of any demands for payment; or

- o receipt by Pioneer American or NBT of any estimates by dissenters of the fair value;

then NBT may file an application in the Court of Common Pleas of Lackawanna County, Pennsylvania, requesting that the fair value of the Pioneer American stock be determined by the court. In such case, all dissenters, wherever residing, whose demands have not been settled, shall be made parties to the proceeding. A copy of this court application will be served on each dissenter who has not settled.

If NBT fails to file the application, then any dissenter, on behalf of all dissenters who have made a demand and who have not settled their claims, may file the application in the name of Pioneer American within a 30-day period after the expiration of the above 60-day period and request the fair value be determined by the court. The fair value determined by the court need not equal the dissenters' estimate of fair value. If no dissenter files such an application, then each dissenter entitled to do so shall be paid Pioneer American's estimate of the fair value and may only start a legal action to recover any amount not previously remitted plus interest at a rate that the court finds fair.

NBT, after the effective date of the merger, intends to negotiate in good faith with any dissenting stockholders. If, after negotiation, a claim cannot be settled, then NBT intends to file an application requesting that the fair value be determined by the court.

The costs and expenses of any valuation proceeding in the court, including the reasonable compensation and expenses of any appraiser appointed by the court, will be determined by the court and assessed against NBT after the merger, except that any part of the costs and expenses may be apportioned and assessed against all or any of the dissenters who are parties to the proceeding and whose actions the court finds to be dilatory, obdurate, arbitrary, vexatious or in bad faith.

PIONEER AMERICAN STOCKHOLDERS CONSIDERING SEEKING APPRAISAL BY EXERCISING THEIR DISSENTERS' RIGHTS SHOULD BE AWARE THAT THE FAIR VALUE OF THEIR PIONEER AMERICAN COMMON STOCK DETERMINED UNDER PENNSYLVANIA LAW COULD BE MORE THAN, THE SAME AS, OR LESS THAN THEIR PRO RATA SHARE OF THE MERGER CONSIDERATION THAT THEY ARE ENTITLED TO RECEIVE UNDER THE MERGER AGREEMENT IF THEY DO NOT SEEK APPRAISAL OF THEIR PIONEER AMERICAN COMMON STOCK.

The foregoing discussion is not a complete statement of the procedures to be followed by Pioneer American stockholders desiring to exercise appraisal rights and, because exercise of such rights requires strict adherence to the relevant provisions of the Pennsylvania Business Corporation Law, each stockholder desiring to exercise appraisal rights is advised individually to consult the law (as provided in Appendix D to this joint proxy statement/prospectus) and comply with the relevant provisions of the law.

Pioneer American stockholders wishing to exercise their dissenters' rights should consult their own counsel to ensure that they fully and properly comply with the requirements of Pennsylvania law.

OTHER MATTERS

STOCKHOLDER PROPOSALS FOR ANNUAL MEETINGS

Stockholder proposals submitted pursuant to Rule 14a-8 of the Exchange Act for inclusion in NBT's proxy statement for the 2001 Annual Meeting of Stockholders must be received by NBT by November 15, 2000. Each proposal must comply with the requirements as to form and substance established by the SEC for such a proposal to be included in the proxy statement and form of proxy. SEC rules set forth standards as to what stockholder proposals corporations must include in a proxy statement for an annual meeting.

OTHER MATTERS

As of the date of this joint proxy statement/prospectus, the NBT Board knows of no matters that will be presented for consideration at the NBT meeting other than as described in this joint proxy statement/prospectus. If any other matters shall properly come before the NBT meeting and be voted upon, the enclosed proxies will be deemed to confer discretionary authority on the individuals named as proxies therein to vote the shares represented by such proxies as to any such matters. The persons named as proxies intend to vote or not to vote in accordance with the recommendation of the management of NBT.

As of the date of this joint proxy statement/prospectus, the Pioneer American Board knows of no matters that will be presented for consideration at the Pioneer American meeting other than as described in this joint proxy statement/prospectus. If any other matters shall properly come before the Pioneer American meeting and be voted upon, the enclosed proxies will be deemed to confer discretionary authority on the individuals named as proxies therein to vote the shares represented by such proxies as to any such matters. The persons named as proxies intend to vote or not to vote in accordance with the recommendation of the management of Pioneer American.

LEGAL MATTERS

The validity of the common stock to be issued in connection with the merger and certain federal income tax consequences of the merger will be passed upon by Duane, Morris & Heckscher LLP, Washington, D.C.

EXPERTS

The consolidated financial statements of NBT as of December 31, 1999 and 1998 and for each of the years in the three-year period ended December 31, 1999 have been incorporated by reference in this joint proxy statement/prospectus and registration statement in reliance upon the report of KPMG LLP, independent auditor, incorporated herein by reference and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Pioneer American as of December 31, 1999 and 1998 and for each of the years in the three-year period ended December 31, 1999 incorporated by reference in this joint proxy statement/prospectus and registration statement have been audited by KPMG LLP, independent auditors, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

NBT and Pioneer American file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information we file at the SEC's public reference room at 450 Fifth Street, NW, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at (<http://www.sec.gov>). In addition, you may read and copy NBT's SEC filings at the Nasdaq National Market, 1735 K Street, N.W., Washington, D.C. 20006-1500, and Pioneer American's SEC filings at Nasdaq, 1735 K Street, N.W., Washington, D.C. 20006-1500. Our Internet addresses are (www.nbtbank.com) with respect to NBT and (www.pioneeramerican.com) with respect to Pioneer American.

NBT has filed a registration statement on Form S-4 to register with the SEC the NBT common stock to be issued to the holders of Pioneer American common stock in the merger. This joint proxy statement/prospectus is a part of that registration statement and constitutes a prospectus of NBT in addition to being a proxy statement of NBT and Pioneer American for the NBT annual meeting and the Pioneer American special meeting. As allowed by SEC

rules, this joint proxy statement/prospectus does not contain all the information you can find in the registration statement or the exhibits to the registration statement.

The SEC allows us to "incorporate by reference" information into this joint proxy statement/prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this joint proxy statement/prospectus, except for any information superseded by information in this joint proxy statement/prospectus. This joint proxy statement/prospectus incorporates by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about the companies, their finances and NBT common stock.

NBT BANCORP INC. SEC FILINGS

- o Annual Report on Form 10-K for the year ended December 31, 1999; and
- o Current Reports on Form 8-K, filed with the SEC on February 22, 2000, March 3, 2000 and March 31, 2000.

PIONEER AMERICAN HOLDING COMPANY CORP. SEC FILINGS

- o Annual Report on Form 10-K for the year ended December 31, 1999; and
- o Current Report on Form 8-K, filed with the SEC on January 4, 2000.

We incorporate by reference additional documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this joint proxy statement/prospectus and the effective time of the merger.

NBT has supplied all information contained or incorporated by reference in this joint proxy statement/prospectus relating to NBT, and Pioneer American has supplied all such information relating to Pioneer American.

If you are a stockholder, we may have sent you some of the documents incorporated by reference, but you can obtain any of them through us or the SEC. You can obtain documents incorporated by reference from us without charge, excluding all exhibits unless we have specifically incorporated by reference an exhibit in this joint proxy statement/prospectus. Stockholders may obtain documents incorporated by reference in this joint proxy statement/prospectus by requesting them in writing or by telephone from the appropriate party at the following address:

NBT Bancorp Inc.
52 South Broad Street
Norwich, New York 13815
Attention: Michael J. Chewens, CPA
Tel: (607) 337-6520

Pioneer American Holding Company Corp.
41 North Main Street
Carbondale, PA 18407
Attention: Patricia A. Cobb, Esq.
Tel: (570) 282-8045

If you would like to request documents from us, please do so by May 9, 2000 to receive them prior to the NBT annual meeting and Pioneer American special meeting.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS JOINT PROXY STATEMENT/PROSPECTUS TO VOTE ON THE NBT PROPOSAL AND THE PIONEER AMERICAN PROPOSAL. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT FROM WHAT IS CONTAINED IN THIS JOINT PROXY STATEMENT/PROSPECTUS. THIS JOINT PROXY STATEMENT/PROSPECTUS IS DATED APRIL 3, 2000. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS JOINT PROXY STATEMENT/PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN SUCH DATE, AND NEITHER THE MAILING OF THIS JOINT PROXY STATEMENT/PROSPECTUS TO STOCKHOLDERS NOR THE ISSUANCE OF SHARES OF NBT COMMON STOCK IN THE MERGER SHALL CREATE ANY IMPLICATION TO THE CONTRARY.

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma combined balance sheet presents the financial position of NBT and Pioneer American as of December 31, 1999, assuming that the merger had occurred as of December 31, 1999, after giving effect to certain pro forma adjustments described in the accompanying notes. The following unaudited pro forma combined statements of income for the years ended December 31, 1999, 1998 and 1997 present the combined historical results of operations of NBT and Pioneer American as if the merger had been consummated as of the first day of the period presented. The financial information for NBT has been restated to include the effects of the merger with Lake Ariel Bancorp Inc., which was consummated on February 17, 2000 and has been accounted for as a pooling of interests. Pro forma earnings per common share are based on the exchange ratio of 1.805 with respect to the Pioneer American merger. The fiscal years of NBT and Pioneer American end December 31. The unaudited pro forma combined balance sheet reflects estimated non-recurring charges that will be incurred in connection with the mergers.

The unaudited pro forma combined financial statements were prepared giving effect to the merger on the pooling of interests accounting method. Under this method of accounting, the recorded assets, liabilities, stockholders' equity, income and expense of NBT and Pioneer American are combined and reflected at their historical amounts, except as noted in the accompanying notes.

The combined company expects to achieve certain merger benefits in the form of operating expense reductions and revenue enhancements. The unaudited pro forma combined statements of income do not reflect potential operating expense reductions or revenue enhancements that are expected to result from the merger, and therefore may not be indicative of the results of future operations. No assurance can be given with respect to the ultimate level of operating expense reductions or revenue enhancements.

The unaudited pro forma combined financial statements should be read in conjunction with, and are qualified in their entirety by, the historical consolidated financial statements and accompanying notes of NBT and Pioneer American and the supplemental consolidated financial statements of NBT and accompanying notes, which have been restated to include the effects of the Lake Ariel merger, which we incorporate by reference herein. The unaudited pro forma combined financial statements are presented for informational purposes only. These statements are not necessarily indicative of the combined financial position and results of operations that would have occurred if the mergers had been consummated on December 31, 1999 or at the beginning of the periods or that may be attained in the future.

UNAUDITED PRO FORMA COMBINED BALANCE SHEET

DECEMBER 31, 1999

	NBT BANCORP INC.	PIONEER AMERICAN HOLDING COMPANY CORP.	PRO FORMA ADJUSTMENTS	NBT PIONEER COMBINED PRO FORMA
(in thousands)				
ASSETS				
Cash and cash equivalents	\$ 64,431	\$ 15,198	\$ --	\$ 79,629
Securities available for sale, at fair value	520,440	112,134	--	632,574
Securities held to maturity (fair value-NBT Bancorp Inc \$75,155, and Pioneer American Holding Company Corp. \$35,499)	78,213	36,612	--	114,825
Loans	1,222,654	244,213	--	1,466,867
Less allowance for loan losses	16,654	3,057	--	19,711
Net loans	1,206,000	241,156	--	1,447,156
Premises and equipment, net	40,830	6,267	--	47,097
Other assets	51,518	7,408	3,300 ⁴	62,226
TOTAL ASSETS	\$ 1,961,432	\$ 418,775	\$ 3,300	\$ 2,383,507
LIABILITIES AND STOCKHOLDERS' EQUITY				
Deposits:				
Demand (noninterest bearing)	\$ 223,143	\$ 44,752	\$ --	\$ 267,895
Savings, NOW, and money market	487,746	117,588	--	605,334
Time	766,729	137,133	--	903,862
Total deposits	1,477,618	299,473	--	1,777,091
Short-term borrowings	137,567	4,700	--	142,267
Long-term debt	172,575	79,395	--	251,970
Other liabilities	13,798	3,609	12,300 ⁴	29,707
Total liabilities	1,801,558	387,177	12,300	2,201,035
Commitments and contingencies				
Stockholders' equity:				
Preferred stock	--	--	--	--
Common stock	18,489	2,935	2,235 ⁴	23,659
Capital surplus	148,242	11,962	(3,965) ⁴	156,239
Retained earnings	23,060	21,889	(9,000) ⁴	35,949
Accumulated other comprehensive income (loss)	(18,252)	(3,458)	--	(21,710)
Common stock in treasury at cost	(11,665)	(1,730)	1,730	(11,665)
Total stockholders' equity	159,874	31,598	(9,000)	182,472
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,961,432	\$ 418,775	\$ 3,300	\$ 2,383,507

See accompanying notes to the unaudited pro forma combined financial statements.

UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1999

	NBT BANCORP INC.	PIONEER AMERICAN HOLDING COMPANY CORP.	PRO FORMA ADJUSTMENTS	NBT PIONEER COMBINED PRO FORMA
Consolidated Statements of Income: (in thousands, except per share data)				
Interest and fee income:				
Loans and loans held for sale	\$ 96,235	\$ 19,661	\$ --	\$115,896
Securities - taxable	34,956	8,223	--	43,179
Securities - tax-exempt	3,210	1,268	--	4,478
Other	988	237	--	1,225
Total interest and fee income	135,389	29,389	--	164,778
Interest expense:				
Deposits	46,067	10,519	--	56,586
Short-term borrowings	5,999	12	--	6,011
Long-term debt	8,516	4,367	--	12,883
Total interest expense	60,582	14,898	--	75,480
Net interest income	74,807	14,491	--	89,298
Provision for loan losses	5,070	370	--	5,440
Net interest income after provision for loan losses	69,737	14,121	--	83,858
Noninterest income:				
Trust	3,305	--	--	3,305
Service charges on deposit accounts	6,303	1,635	--	7,938
Net securities gains	1,716	88	--	1,804
Other	5,097	1,108	--	6,205
Total noninterest income	16,421	2,831	--	19,252
Noninterest expense:				
Salaries and employee benefits	25,213	5,291	--	30,504
Office supplies and postage	2,436	534	--	2,970
Occupancy	4,317	1,062	--	5,379
Equipment	4,230	990	--	5,220
Professional fees and outside services	3,325	1,005	--	4,330
Data processing and communications	4,091	437	--	4,528
Amortization of intangible assets	1,278	39	--	1,317
Other operating	6,610	2,024	--	8,634
Total noninterest expense	51,500	11,382	--	62,882
Income before income taxes	34,658	5,570	--	40,228
Income taxes	12,483	1,488	--	13,971
Net income	\$ 22,175	\$ 4,082	\$ --	\$ 26,257
Weighted Average Shares Outstanding:				
Basic	17,851	2,902	--	23,089
Diluted	18,095	2,929	--	23,382
Earnings per share:				
Basic	\$ 1.24	\$ 1.41	\$ --	\$ 1.14
Diluted	\$ 1.23	\$ 1.39	\$ --	\$ 1.12

See accompanying notes to the unaudited pro forma combined financial statements.

UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1998

	NBT BANCORP INC.	PIONEER AMERICAN HOLDING COMPANY CORP.	PRO FORMA ADJUSTMENTS	NBT PIONEER COMBINED PROFORMA
Consolidated Statements of Income: (in thousands, except per share data)				
Interest and fee income:				
Loans and loans held for sale	\$ 89,399	\$ 19,093	\$ --	\$108,492
Securities - taxable	37,590	7,615	--	45,205
Securities - tax-exempt	2,780	1,114	--	3,894
Other	531	480	--	1,011
Total interest and fee income	130,300	28,302	--	158,602
Interest expense:				
Deposits	48,058	10,840	--	58,898
Short-term borrowings	6,153	23	--	6,176
Long-term debt	6,206	3,456	--	9,662
Total interest expense	60,417	14,319	--	74,736
Net interest income	69,883	13,983	--	83,866
Provision for loan losses	5,729	420	--	6,149
Net interest income after provision for loan losses	64,154	13,563	--	77,717
Noninterest income:				
Trust	3,115	--	--	3,115
Service charges on deposit accounts	5,325	1,404	--	6,729
Net securities gains	1,056	511	--	1,567
Other	5,417	1,046	--	6,463
Total noninterest income	14,913	2,961	--	17,874
Noninterest expense:				
Salaries and employee benefits	24,215	5,071	--	29,286
Office supplies and postage	2,523	506	--	3,029
Occupancy	4,132	1,027	--	5,159
Equipment	3,599	773	--	4,372
Professional fees and outside services	3,375	1,027	--	4,402
Data processing and communications	3,796	483	--	4,279
Amortization of intangible assets	1,275	39	--	1,314
Other operating	7,665	2,041	--	9,706
Total noninterest expense	50,580	10,967	--	61,547
Income before income taxes	28,487	5,557	--	34,044
Income taxes	5,614	1,535	--	7,149
Net income	\$ 22,873	\$ 4,022	\$ --	\$ 26,895
Weighted Average Shares Outstanding:				
Basic	17,976	2,894	--	23,199
Diluted	18,361	2,953	--	23,691
Earnings per share:				
Basic	\$ 1.27	\$ 1.39	\$ --	\$ 1.16
Diluted	\$ 1.25	\$ 1.36	\$ --	\$ 1.14

See accompanying notes to the unaudited pro forma combined financial statements.

UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1997

	NBT BANCORP INC.	PIONEER AMERICAN HOLDING COMPANY CORP.	PRO FORMA ADJUSTMENTS	NBT PIONEER COMBINED PROFORMA
Consolidated Statements of Income (in thousands, except per share data)				
Interest and fee income:				
Loans and loans held for sale	\$ 81,688	\$ 18,101	\$ --	\$ 99,789
Securities - taxable	35,779	7,063	--	42,842
Securities - tax-exempt	2,757	1,023	--	3,780
Other	607	320	--	927
Total interest and fee income	120,831	26,507	--	147,338
Interest expense:				
Deposits	45,629	11,337	--	56,966
Short-term borrowings	6,693	10	--	6,703
Long-term debt	3,725	1,498	--	5,223
Total interest expense	56,047	12,845	--	68,892
Net interest income	64,784	13,662	--	78,446
Provision for loan losses	4,285	535	--	4,820
Net interest income after provision for loan losses	60,499	13,127	--	73,626
Noninterest income:				
Trust	2,675	--	--	2,675
Service charges on deposit accounts	4,942	1,397	--	6,339
Net securities gains (losses)	(123)	157	--	34
Other	3,973	907	--	4,880
Total noninterest income	11,467	2,461	--	13,928
Noninterest expense:				
Salaries and employee benefits	22,111	5,040	--	27,151
Office supplies and postage	2,250	507	--	2,757
Occupancy	3,754	1,026	--	4,780
Equipment	2,632	685	--	3,317
Professional fees and outside services	2,485	900	--	3,385
Data processing and communications	2,966	456	--	3,422
Amortization of intangible assets	1,505	39	--	1,544
Other operating	6,677	1,427	--	8,104
Total noninterest expense	44,380	10,080	--	54,460
Income before income taxes	27,586	5,508	--	33,094
Income taxes	9,406	1,500	--	10,906
Net income	\$ 18,180	\$ 4,008	\$ --	\$ 22,188
Weighted Average Shares Outstanding:				
Basic	17,095	2,850	--	22,239
Diluted	17,393	2,939	--	22,698
Earnings per share:				
Basic	\$ 1.06	\$ 1.41	\$ --	\$ 1.00
Diluted	\$ 1.05	\$ 1.36	\$ --	\$ 0.98

See accompanying notes to the unaudited pro forma combined financial statements.

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

(1) Pro forma earnings per common share (EPS) have been calculated based on the weighted average number of shares of NBT plus additional shares of NBT assumed to be issued in the merger in exchange for the weighted average outstanding shares of Pioneer American for each applicable period based on the exchange ratio of 1.805.

(2) Pro forma entry to issue 1.805 shares of NBT Bancorp Inc. Common Stock in exchange for each share of Pioneer American Holding Company Corp Common Stock. The stated value of NBT Bancorp Inc. Common Stock to be issued is determined as follows:

NBT Bancorp Inc. common shares issued at December 31, 1999		18,488,347
Pioneer American Holding Company Corp common shares issued, after retirement of treasury stock (2,864,307 common shares times conversion ratio of 1.805)		5,170,074

Combined pro forma total common share issued		23,658,421
Stated value per common share	\$	1.00

Combined pro forma total stated value		\$ 23,658,421
Actual stated value of common stock at December 31, 1999:		
NBT Bancorp Inc.	\$ 18,488,347	
Pioneer American Holding Company Corp (after retirement of treasury shares)	2,864,307	\$ 21,352,654
	-----	-----
Required increase in stated value		\$ 2,305,767
		=====
Entry to conform to stated value of common stock:		
Surplus	\$ 2,305,767	
Common stock		\$ 2,305,767
Pro forma entry to retire treasury stock held by Pioneer (approximately 71,060 shares having a par value of \$1.00 per share)		
Common Stock	\$ 71,060	
Surplus	\$ 1,658,739	
Treasury Stock		\$ 1,729,799
Summary of pro forma entries above		
Surplus	\$ 3,964,506	
Common stock		\$ 2,234,707
Treasury Stock		\$ 1,729,799

(3) Authorized, issued and outstanding share information is as follows at December 31, 1999:

	NBT ---	PIONEER -----	NBT/PIONEER PRO FORMA -----
Preferred			
Authorized	2,500,000	--	2,500,000
Issued and Outstanding	--	--	--
Common			
Stated Value	\$1.00	\$1.00	\$1.00
Authorized	15,000,000(A)	25,000,000	15,000,000(A)
Issued	18,488,347	2,935,367	23,658,421
Outstanding	17,949,411	2,864,307	23,119,485

(A) On February 17, 2000, stockholders of NBT Bancorp Inc. approved an amendment to its Certificate of Incorporation increasing the number of authorized common shares from 15 million to 30 million.

(4) The unaudited pro forma combined balance sheet at December 31, 1999, reflects anticipated merger and integration costs for both the Lake Ariel and Pioneer American mergers. Costs related to the Lake Ariel merger are estimated to be in the range of \$6.7 million to \$7.7 million (\$4.7 million to \$5.7 million after taxes) and costs related to the Pioneer American merger are estimated to be in the range of \$4.6 million to \$5.6 million (\$3.3 million to \$4.3 million after taxes). These estimates include primarily investment banking, legal, accounting, printing, employee and contract termination costs. Anticipated merger and integration cost estimates are not included in the unaudited pro forma combined statements of income for any of the periods presented.

The pro forma statements do not reflect potential expense reductions or revenue enhancements expected to be realized subsequent to consummation of the merger.

The entries to record the anticipated merger and integration costs on the unaudited pro forma combined balance sheet are:

Lake Ariel			

Current Tax Receivable		\$2,000,000	
Retained Earnings		\$5,200,000	
Other Liabilities			\$7,200,000
Pioneer American			

Current Tax Receivable		\$1,300,000	
Retained Earnings		\$3,800,000	
Other Liabilities			\$5,100,000
Summary of pro forma entries above			

Current Tax Receivable		\$3,300,000	
Retained Earnings		\$9,000,000	
Other Liabilities			\$12,300,000

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

NBT and Pioneer American have used and incorporated by reference "forward-looking statements" in this Joint Proxy Statement/Prospectus. Words such as "will permit," "will afford," "believes," "expects," "may," "should," "projected," "contemplates," or "anticipates" may constitute forward-looking statements. These statements are within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and are subject to risks and uncertainties that could cause our actual results to differ materially. NBT and Pioneer American have used these statements to describe our expectations and estimates in various sections of this Joint Proxy Statement/Prospectus, including:

- o Summary -- Our Reasons for the Merger;
- o Summary -- Selected Historical and Pro Forma Combined Financial Data;
- o The Merger -- Background of the Merger;
- o The Merger -- Recommendation of the NBT Board and NBT's Reasons for the Merger;
- o The Merger -- Recommendation of the Pioneer American Board and Pioneer American's Reasons for the Merger;
- o The Merger -- Opinion of NBT's Financial Advisor;
- o The Merger -- Opinion of Pioneer American's Financial Advisor; and
- o Unaudited Pro Forma Combined Financial Statements.

Factors that might cause such differences include, but are not limited to: the timing of closing the proposed merger being delayed; competitive pressures among financial institutions increasing significantly; economic conditions, either nationally or locally in areas in which NBT and Pioneer American conduct their operations, being less favorable than expected; the cost and effort required to integrate aspects of the operations of the companies being more difficult than expected; expected cost savings from the proposed merger not being fully realized or realized within the expected time frame; legislation or regulatory changes which adversely affect the ability of the combined company to conduct its current and future operations; and the impact of the transition to the year 2000 on the operations of NBT, Pioneer American or the combined company. NBT and Pioneer American disclaim any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements included in this joint proxy statement/prospectus to reflect future events or developments. NBT's actual results could differ materially from those set forth in the forward-looking statements because of many reasons, including the risk factors listed above. This list may not be exhaustive.

NBT BANCORP INC.

PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints James I. Dunne and Adelbert L. Button, and either of them, with full power of substitution, proxies to represent the undersigned at the Annual Meeting of Stockholders of NBT Bancorp Inc. ("NBT") to be held at the Holiday Inn Arena, 2-8 Hawley Street, Binghamton, New York on May 16, 2000 at 2:00 p.m. local time, or at any adjournment or postponement thereof (the "Meeting"), with all power which the undersigned would possess if personally present, and to vote all shares of NBT's common stock which the undersigned may be entitled to vote at said meeting upon the following proposals described in the accompanying joint proxy statement/prospectus, in accordance with the following instructions and, at their discretion, upon any other matters that may properly come before the Meeting. THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE UNDERSIGNED. IF NO DIRECTION IS INDICATED, THIS PROXY WILL BE VOTED TO FIX THE NUMBER OF DIRECTORS AT TWELVE FOR THE ELECTION OF THE NOMINEES FOR DIRECTOR LISTED BELOW, FOR RATIFICATION OF THE INDEPENDENT AUDITOR, FOR APPROVAL OF THE NBT EMPLOYEE STOCK PURCHASE PLAN, AND FOR THE ISSUANCE OF NBT COMMON STOCK IN THE MERGER AND RATIFICATION OF THE MERGER AGREEMENT.

1. Election of Directors. To fix the number of directors at twelve and elect the nominees listed below:

FOR ALL NOMINEES WITHHOLD FROM ALL NOMINEES

William C. Gumble, Bruce D. Howe, Andrew S. Kowalczyk, Jr., Dan B. Marshman, John G. Martines, John C. Mitchell

IF YOU DO NOT WISH YOUR SHARES VOTED FOR A PARTICULAR NOMINEE, DRAW A LINE THROUGH THAT PERSON'S NAME ABOVE.

2. To ratify the Board's selection of KPMG LLP as NBT's independent auditor for 2000.

FOR AGAINST ABSTAIN

3. To approve the NBT Employee Stock Purchase Plan.

FOR AGAINST ABSTAIN

4. To approve the issuance by NBT of its common stock to the former stockholders of Pioneer American Holding Company Corp. in the merger and ratify the Agreement and Plan of Merger, dated as of December 7, 1999, and amended as of March 7, 2000, by and between NBT and Pioneer American, which, if completed, would result in (a) the merger of Pioneer American with a subsidiary of NBT, (b) the subsequent merger of Pioneer American into NBT, and (c) the issuance of 1.805 shares of NBT common stock in exchange for each share of Pioneer American common stock, and all of the matters contemplated by the merger agreement.

FOR AGAINST ABSTAIN

5. The proxies are authorized to vote in their discretion upon such other business that may properly come before the Meeting.

X Please mark your votes as in this example.

(Continued and to be signed on reverse side) SEE REVERSE SIDE

(Continued from other side)

[] Check here for address change and note change below

[] Check here if you plan to attend the Meeting

New address:

Date:

Signature(s)
.....
.....
.....

Please sign here exactly as name(s) appear(s) on the left. When signing as attorney, executor, administrator, trustee, guardian, or in any other fiduciary capacity, give full title. If more than one person acts as trustee, all should sign. All joint owners must sign.

PIONEER AMERICAN HOLDING COMPANY CORP.

PROXY SOLICITED ON BEHALF OF BOARD OF DIRECTORS

The undersigned hereby appoints Daniel Corazzi, John Kuna and Basil Telep, or any one or more of them, with full power of substitution, proxies, to vote all of the stock of Pioneer American Holding Company Corp., which the undersigned is entitled to vote at the Special Meeting of Stockholders of Pioneer American to be held at Heart Lake Lodge, 1299 Heart Lake Road, Jermyrn, Pennsylvania on May 16, 2000 at 10:00 a.m. local time and at any adjournment or postponement thereof. THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED, AS DIRECTED BY THE UNDERSIGNED. IF NO DIRECTION IS MADE, IT WILL BE VOTED FOR THE FOLLOWING PROPOSAL.

1. To approve the Agreement and Plan of Merger, dated as of December 7, 1999, and amended as of March 7, 2000, by and between Pioneer American and NBT Bancorp Inc. ("NBT"), which would result in the merger of Pioneer American into NBT and the issuance of 1.805 shares of NBT common stock in exchange for each share of Pioneer American common stock, and all of the matters contemplated by the merger agreement.

FOR AGAINST ABSTAIN

2. The proxies are authorized to vote in their discretion upon such other business that may properly come before the Pioneer American special meeting.

X Please mark your
votes as in this
example.

(Continued and to be signed on reverse side) SEE REVERSE SIDE

(Continued from other side)

Date:

Signature(s)

Please sign here exactly as name(s) appear(s) on the left. When signing as attorney, executor, administrator, trustee, guardian, or in any other fiduciary capacity, give full title. If more than one person acts as trustee, all should sign. All joint owners must sign.

I plan to attend the Special Meeting:

Please mark (on reverse side), sign and date, and mail in the enclosed postage paid envelope.

APPENDIX A

AGREEMENT AND PLAN OF MERGER
AMONG
NBT BANCORP INC.
LEVON ACQUISITION COMPANY
AND
PIONEER AMERICAN HOLDING COMPANY CORP.

December 7, 1999, as amended March 7, 2000

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AGREEMENT AND PLAN OF MERGER
AS AMENDED

THIS AGREEMENT AND PLAN OF MERGER made as of the seventh day of December, 1999, as amended as of the seventh day of March, 2000, among NBT BANCORP INC. ("NBTB"), a Delaware corporation having its principal office in Norwich, New York, LEVON ACQUISITION COMPANY ("Newco"), a Delaware corporation having its principal office in Norwich, New York, and PIONEER AMERICAN HOLDING COMPANY CORP. ("PAHC"), a Pennsylvania corporation having its principal office in Carbondale, Pennsylvania

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

WHEREAS, NBTB and PAHC are bank holding companies which desire to affiliate with each other through the merger of Newco with and into PAHC, with PAHC to be the surviving corporation (the "First Merger"), and the immediately subsequent merger of PAHC into NBTB, with NBTB to be the surviving corporation (the "Second Merger") (the First Merger and the Second Merger being referred to herein collectively as the "Merger");

WHEREAS, the Board of Directors of PAHC has determined that it would be in the best interests of PAHC, its shareholders, its customers, and the areas served by PAHC to become affiliated with NBTB through the Merger;

WHEREAS, subject to the terms and conditions hereof, the respective Boards of Directors of NBTB and PAHC have agreed to cause the Merger pursuant to the provisions of section 251 et seq. of the Delaware General Corporation Law (the "GCL") and section 1921 et seq. of the Pennsylvania Business Corporation Law (the "BCL");

WHEREAS, the parties intend that the Merger qualify as one or more tax-free reorganizations under section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and that the business combination contemplated hereby be accounted for under the "pooling-of-interests" accounting method; and

WHEREAS, the parties desire to make certain representations, warranties, and agreements in connection with the Merger and also to prescribe certain conditions to the Merger;

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

1. COMBINATION.

1.1. First Merger. Subject to the provisions of this Agreement, on the date and at the time to be specified in the Certificate of Merger to be filed on the date of the Closing with the Secretary of State of the State of Delaware pursuant to the GCL and in the Articles of Merger to be filed on the date of the Closing with the Secretary of State of the Commonwealth of Pennsylvania pursuant to the BCL (the "Effective Time"), Newco will be merged with and into PAHC.

1.2. Effect of First Merger. At the Effective Time:

(a) Newco and PAHC (the "First Merger Constituent Corporations") shall be merged into a single corporation, which shall be PAHC. PAHC is hereby designated as the surviving corporation in the First Merger and is hereinafter sometimes called the "First Merger Surviving Corporation."

(b) The separate existence of Newco shall cease.

(c) The First Merger Surviving Corporation shall have all the rights, privileges, immunities, and powers and shall assume and be subject to all the duties and liabilities of a corporation organized under the BCL.

(d) The First Merger Surviving Corporation shall thereupon and thereafter possess all of the rights, privileges, immunities, and franchises, of a public as well as of a private nature, of each of the First Merger Constituent Corporations; and all property, real, personal and mixed, and all debts due on whatever account, including subscriptions for shares and all other choses in action, and all and every other interest of and belonging to or due to each of the First Merger Constituent Corporations shall be taken and deemed to be transferred to and vested in the First Merger Surviving Corporation without further action, act or deed; and the title to any real estate, or any interest therein, vested in either of the First Merger Constituent Corporations shall not revert or be in any way impaired by reason of the First Merger.

(e) The First Merger Surviving Corporation shall thenceforth be responsible and liable for all the liabilities and obligations of each of the First Merger Constituent Corporations; and any claim existing or action or proceeding pending by or against either of the First Merger Constituent Corporations may be prosecuted to judgment as if the First Merger had not taken place, or the First Merger Surviving Corporation may be proceeded against or substituted in its place. The First Merger Surviving Corporation expressly assumes and agrees to perform all of Newco's liabilities and obligations. Neither the rights of creditors nor any liens upon the property of either of the First Merger Constituent Corporations shall be impaired by the First Merger.

(f) Any taxes, penalties, and public accounts of the State of Delaware, claimed against either of the First Merger Constituent Corporations but not settled, assessed, or determined prior to the First Merger shall be settled, assessed, or determined against the First Merger Surviving Corporation and, together with interest thereon, shall be a lien against the franchises and property, both real and personal, of the First Merger Surviving Corporation.

(g) The Certificate of Incorporation of PAHC as it exists immediately prior to the Effective Time shall be the Certificate of Incorporation of the First Merger Surviving Corporation until later amended pursuant to Pennsylvania law.

(h) The By-Laws of PAHC as they exist immediately prior to the Effective Time shall be the By-Laws of the First Merger Surviving Corporation until later amended pursuant to Pennsylvania law.

(i) The authorized shares of capital stock of PAHC as of the Effective Time shall be 25,000,000 shares of Common Stock, \$1.00 par value (the "PAHC Common Stock").

(j) Subject to the terms, conditions, and limitations set forth herein, at the Effective Time and until surrendered for exchange and payment, each outstanding stock certificate which, prior to the Effective Time, represented shares of the common stock, \$1.00 par value, of PAHC (the "PAHC Common Stock"), other than any shares of PAHC Common Stock held by NBTB (other than in a fiduciary, representative, or custodial capacity), which shall be canceled without any payment therefor, except for any dividends declared prior to the Effective Time but not yet paid as of the Effective Time, and other than shares of PAHC Common Stock held by PAHC, which shall be canceled without any payment therefor, shall, by virtue of this Agreement and without any action on the part of the holder or holders thereof, cease to represent an issued and existing share and shall be converted into a right to receive from NBTB, and shall for all purposes represent the right to receive, upon surrender of the certificate formerly representing such shares, a certificate representing the number of shares of NBTB Common Stock specified in section 1.5 of this Agreement; provided that, with respect to any matters relating to stock certificates representing PAHC Common Stock, NBTB may rely conclusively upon the record of stockholders maintained by PAHC containing the names and addresses of the holders of record of PAHC's Common Stock at the Effective Time.

(k) All shares of capital stock of Newco outstanding at the Effective Time shall be converted into and exchanged for 100 shares of common stock of the First Merger Surviving Corporation, and any shares of capital stock of Newco held in the treasury of Newco shall be canceled.

1.3. Second Merger. Subject to the provisions of this Agreement, on the date of the Effective Time, and at such time subsequent to the Effective Time on such date as shall be designated by NBTB, which date and time shall be specified in the Certificate of Merger to be filed on the date of the Closing with the Secretary of State of the State of Delaware pursuant to the GCL and in the Articles of Merger to be filed on the date of the Closing with the Secretary of State of the Commonwealth of Pennsylvania pursuant to the BCL (the "Second Merger Effective Time"), PAHC will be merged with and into NBTB.

1.4. Effect of Second Merger. At the Second Merger Effective Time:

(a) PAHC and NBTB (the "Second Merger Constituent Corporations") shall be merged into a single corporation, which shall be NBTB. NBTB is hereby designated as the surviving corporation in the Second Merger and is hereinafter sometimes called the "Second Merger Surviving Corporation."

(b) The separate existence of PAHC shall cease.

(c) The Second Merger Surviving Corporation shall have all the rights, privileges, immunities, and powers and shall assume and be subject to all the duties and liabilities of a corporation organized under the GCL.

(d) The Second Merger Surviving Corporation shall thereupon and thereafter possess all of the rights, privileges, immunities, and franchises, of a public as well as of a private nature, of each of the Second Merger Constituent Corporations; and all property, real, personal and mixed, and all debts due on whatever account, including subscriptions for shares and all other choses in action, and all and every other interest of and belonging to or due to each of the Second Merger Constituent Corporations shall be taken and deemed to be transferred to and vested in the Second Merger Surviving Corporation without further action, act or deed; and the title to any real estate, or any interest therein, vested in either of the Second Merger Constituent Corporations shall not revert or be in any way impaired by reason of the Second Merger.

(e) The Second Merger Surviving Corporation shall thenceforth be responsible and liable for all the liabilities and obligations of each of the Second Merger Constituent Corporations; and any claim existing or action or proceeding pending by or against either of the Second Merger Constituent Corporations may be prosecuted to judgment as if the Second Merger had not taken place, or the Second Merger Surviving Corporation may be proceeded against or substituted in its place. The Second Merger Surviving Corporation expressly assumes and agrees to perform all of PAHC's liabilities and obligations. Neither the rights of creditors nor any liens upon the property of either of the Second Merger Constituent Corporations shall be impaired by the Second Merger.

(f) Any taxes, penalties, and public accounts of the Commonwealth of Pennsylvania, claimed against either of the Second Merger Constituent Corporations but not settled, assessed, or determined prior to the Second Merger shall be settled, assessed, or determined against the Second Merger Surviving Corporation and, together with interest thereon, shall be a lien against the franchises and property, both real and personal, of the Second Merger Surviving Corporation.

(g) The Certificate of Incorporation of NBTB as it exists immediately prior to the Second Merger Effective Time shall be the Certificate of Incorporation of the Second Merger Surviving Corporation until later amended pursuant to Delaware law.

(h) The By-Laws of NBTB as they exist immediately prior to the Second Merger Effective Time shall be the By-Laws of the Second Merger Surviving Corporation until later amended pursuant to Delaware law.

(i) The authorized shares of capital stock of NBTB as of the Second Merger Effective Time shall be that number of shares of preferred stock as exist immediately prior to the Second Merger Effective Date, with a par value or no par value and, if applicable, a stated value as exist immediately prior to the Second Merger Effective Date, and that number of shares of common stock as exist immediately prior to the Second Merger Effective Date, with a par value or no par value and, if applicable, a stated value as exist immediately prior to the Second Merger Effective Date (the "NBTB Common Stock").

(j) At the Second Merger Effective Time, all the shares of PAHC shall be canceled and only the shares of the Second Merger Surviving Corporation shall remain as validly issued shares of the Second Merger Surviving Corporation, fully paid and nonassessable.

1.5. Consideration for First Merger. Subject to the terms, conditions, and limitations set forth herein (including the procedures specified in section 11.2(d)(ii) of this Agreement), as a result of the First Merger, each share of PAHC Common Stock other than shares of PAHC Common Stock held by NBTB (other than in a fiduciary, representative, or custodial capacity) or by PAHC shall be converted into the right to receive, in exchange for each share of PAHC Common Stock held of record as of the Effective Time, 1.805 shares of NBTB Common Stock (the "Exchange Ratio").

1.6. No Fractional Shares. NBTB will not issue fractional shares of its stock. In lieu of fractional shares of NBTB Common Stock, if any, each shareholder of PAHC who is entitled to a fractional share of NBTB Common Stock shall receive an amount of cash equal to the product of such fraction times the average of the closing bid price and the closing asked price per share for NBTB Common Stock as reported on the Nasdaq National Market (or, in the absence thereof, as reported by or determined by reference to such other source upon which NBTB and PAHC shall agree) for each of the twenty consecutive trading days ending on and including the eighth trading day before the Effective Time (the "Average Closing Price"). Such fractional share interest shall not include the right to vote or to receive dividends or any interest thereon.

1.7. Dividends; Interest. No shareholder of PAHC will be entitled to receive dividends on his, her or its NBTB Common Stock until he, she or it exchanges his, her or its certificates representing PAHC Common Stock for NBTB Common Stock. Any dividends declared on NBTB Common Stock to holders of record on or after the Effective Time shall, with respect to stock to be delivered pursuant to this Agreement to shareholders of PAHC who have not exchanged their certificates representing PAHC Common Stock for NBTB Common Stock, be paid to the Exchange Agent (as designated in section 1.8 of this Agreement) and, upon receipt from a former shareholder of PAHC of certificates representing shares of PAHC Common Stock, the Exchange Agent shall forward to such former shareholder of PAHC (i) certificates representing his, her or its shares of NBTB Common Stock, (ii) dividends declared thereon subsequent to the Effective Time (without interest) and (iii) the cash value of any fractional shares determined in accordance with section 1.6 hereof.

1.8. Designation of Exchange Agent.

(a) The parties to this Agreement hereby designate American Stock Transfer and Trust Company, New York, New York ("AST") as Exchange Agent to effect the exchanges contemplated hereby.

(b) NBTB will, promptly after the Effective Time, issue and deliver to AST the share certificates representing shares of NBTB Common Stock (each a "New Certificate") and the cash to be paid to holders of PAHC Common Stock in accordance with this Agreement.

(c) If any New Certificate is to be issued in a name other than that in which the certificate formerly representing PAHC Common Stock (an "Old Certificate") and surrendered for exchange was issued, the Old Certificate so surrendered shall be properly endorsed and otherwise in proper form for transfer and the person requesting such exchange shall pay to AST any transfer or other taxes required by reason of the issuance of the New Certificate in any name other than that of the registered holder of the Old Certificate surrendered, or establish to the satisfaction of AST that such tax has been paid or is not payable.

(d) In the event that any Old Certificates have not been surrendered for exchange in accordance with this Agreement on or before the second anniversary of the Effective Time, NBTB may at any time thereafter, with or without notice to the holders of record of such Old Certificates, sell for the accounts of any or all of such holders any or all of the shares of NBTB Common Stock which such holders are entitled to receive under Section 1.5 hereof (the "Unclaimed Shares"). Any such sale may be made by public or private sale or sale at any broker's board or on any securities exchange in such manner and at such times as NBTB shall determine. If, in the opinion of counsel for NBTB, it is necessary or desirable, any Unclaimed Shares may be registered for sale under the Securities Act of 1933, as amended (the "Securities Act") and applicable state laws. NBTB shall not be obligated to make any sale of Unclaimed Shares if it shall determine not to do so, even if notice of sale of the Unclaimed Shares has been given. The net proceeds of any such sale of Unclaimed Shares shall be held for holders of the unsurrendered Old Certificates whose Unclaimed Shares have been sold, to be paid to them upon surrender of the Old Certificates. From and after any such sale, the sole right of the holders of the unsurrendered Old Certificates whose Unclaimed Shares have been sold shall be the right to collect the net sale proceeds held by NBTB for their respective accounts, and such holders shall not be entitled to receive any interest on such net sale proceeds held by NBTB.

(e) If any Old Certificates are not surrendered prior to the date on which such certificates or the proceeds of the sale of the Unclaimed Shares, as the case may be, would otherwise escheat to or become the property of any governmental unit or agency, the unclaimed items shall, to the extent permitted by abandoned property and any other applicable law, become the property of NBTB (and to the extent not in its possession shall be paid over to it), free and clear of all claims or interest of any person previously entitled to such claims. Notwithstanding the foregoing, neither NBTB nor its agents or any other person shall be liable to any former holder of PAHC Common Stock for any property delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

1.9. Notice of Exchange. Promptly after the Effective Time, AST shall mail to each holder of one or more certificates formerly representing PAHC Common Stock a notice specifying the Effective Time and notifying such holder to surrender his, her or its certificate or certificates to AST for exchange. Such notice shall be mailed to holders by regular mail at their addresses on the records of PAHC.

1.10. Acts to Carry Out This Merger Plan.

(a) PAHC and its proper officers and directors shall do all such acts and things as may be necessary or proper to vest, perfect, or confirm in NBTB title to such property or rights as are specified in sections 1.4(c) and 1.4(d) of this Agreement and otherwise to carry out the purposes of this Agreement.

(b) If, at any time after the Effective Time, NBTB shall consider or be advised that any further assignments or assurances in law or any other acts are necessary or desirable to (i) vest, perfect, or confirm, of record or otherwise, in NBTB its right, title, or interest in or under any of the rights, properties, or assets of PAHC acquired or to be acquired by NBTB as a result of, or in connection with, the Merger, or (ii) otherwise carry out the purposes of this Agreement, PAHC and its proper officers and directors shall be deemed to have granted to NBTB an irrevocable power of attorney to execute and deliver all such proper deeds, assignments, and assurances in law and to do all acts necessary or proper to vest, perfect, or confirm title to and possession of such rights, properties, or

assets in NBTB and otherwise to carry out the purposes of this Agreement; and the proper officers and directors of NBTB are fully authorized in the name of PAHC or otherwise to take any and all such action.

1.11. Treatment of Stock Options. At the Effective Time, each stock option to purchase PAHC Common Stock not exercised prior to the Effective Time (each, a "Converted Option"), whether vested or unvested, shall automatically be converted into an option (a "Replacement Option") to acquire, on the same terms and conditions as were applicable under the terms of such Converted Option and any option plan under which such Converted Option was issued (or as near thereto as is practicable), a number of shares of NBTB Common Stock equal to (rounded down to the nearest whole number of shares) (a) the number of shares of PAHC Common Stock subject to such Converted Option as of the Effective Time multiplied by (b) the Exchange Ratio, at an exercise price per share (rounded down to the nearest whole cent) equal to (x) the aggregate exercise price under such Converted Option for all of the shares of PAHC Common Stock subject to such Converted Option at the Effective Time divided by (y) the number of shares of NBTB Common Stock subject to such Replacement Option. Notwithstanding the foregoing, in the case of each Converted Option to which section 421 of the Code applies by reason of its qualification under section 422 of the Code, the terms of the Replacement Option into which such Converted Option is converted, including the option price, the number of shares of NBTB Common Stock purchasable pursuant to such option, and the terms and conditions of exercise of such option shall be determined so as to comply with section 424(a) of the Code. At or prior to the Effective Time, PAHC shall take all action, if any, necessary with respect to any Converted Options or stock plans under which Converted Options have been issued to permit the replacement of the Converted Options with Replacement Options as contemplated by this section 1.11. At the Effective Time, NBTB shall assume such stock plans; provided, that such assumption shall only be in respect of the Replacement Options and that NBTB shall have no obligation with respect to any awards under such plans other than the Replacement Options and shall have no obligation to make any additional grants or awards under such assumed plans.

1.12. Stock Option Agreement. Simultaneously herewith, NBTB and PAHC shall execute and deliver the Stock Option Agreement in the form attached hereto as Exhibit I. The option that is the subject of the Stock Option Agreement will terminate as of, and will not be exercisable following, the Effective Time.

1.13. Executive Officers and Directors of PAHC.

(a) At the Effective Time, in consideration for and against delivery of a full and unconditional release granted in favor of NBTB, PAHC, and Pioneer American Bank, National Association ("PA Bank") by John W. Reuther ("Reuther") from any and all claims, actions, or liabilities which Reuther may have, may have had, or could have against NBTB, PAHC, or PA Bank (except entitlements granted to Reuther by this Agreement or the employment agreement described in section 4.8 hereof (the "Reuther Employment Agreement") or granted to Reuther by the Executive Retirement Plan of PA Bank adopted on October 25, 1988 or the Split Dollar Agreement/Key Executive Equity Program dated February 15, 1994, as restated April 16, 1999), and subject in every case to section 18(k) of the Federal Deposit Insurance Act (12 U.S.C. ss. 1828(k)), NBTB will tender to Reuther the Reuther Employment Agreement and the change-in-control agreement described in section 5.5 hereof.

(b) At the Effective Time, in consideration for and against delivery of a full and unconditional release granted in favor of NBTB, PAHC, and PA Bank by Patricia A. Cobb ("Cobb") from any and all claims, actions, or liabilities which Cobb may have, may have had, or could have against NBTB, PAHC, or PA Bank (except entitlements granted to Cobb by this Agreement), and subject in every case to section 18(k) of the Federal Deposit Insurance Act (12 U.S.C. ss. 1828(k)), NBTB will tender to Cobb the change-in-control agreement described in section 5.5 hereof.

(c) At the Effective Time, in consideration for and against delivery of a full and unconditional release granted in favor of NBTB, PAHC, and PA Bank by James E. Jackson ("Jackson") from any and all claims, actions, or liabilities which Jackson may have, may have had, or could have against NBTB, PAHC, or

PA Bank (except entitlements granted to Jackson by this Agreement), and subject in every case to section 18(k) of the Federal Deposit Insurance Act (12 U.S.C. ss. 1828(k)), NBTB will tender to Jackson the change-in-control agreement described in section 5.5 hereof.

(d) From and after the Effective Time, the Board of Directors of NBTB shall consist of the directors of NBTB immediately prior to the Effective Time (each as a director of the class of which he was a member immediately prior to the Effective Time) and the following three individuals each of whom shall hold office until the next election of the class to which he is hereby designated and until his successor shall be elected and qualified: Joseph G. Nasser (as a director of the class whose term expires in 2003), Richard Chojnowski (as a director of the class whose term expires in 2002), and Gene E. Goldenziel (as a director of the class whose term expires in 2001).

1.14. Employee Benefits.

(a) If any employee of PAHC or of PA Bank becomes a participant in any employment benefit plan, practice, or policy of NBTB or NBT Bank, National Association ("NBT Bank"), such employee shall be given credit under such plan, practice, or policy for all service prior to the Effective Time with PAHC or PA Bank for purposes of eligibility and vesting, but not for benefit accrual purposes, for which such service is taken into account or recognized, and, if necessary, NBTB shall cause any and all pre-existing condition limitations and eligibility waiting periods under group health plans to be waived with respect to such participants and their eligible dependents (except to the extent such pre-existing condition limitations are no more onerous than similar limitations, or such waiting periods do not extend any waiting period, applicable to such employee under the plans of PAHC or PA Bank), provided that there be no duplication of such benefits as are provided under any employee benefit plans, practices, or policies of PAHC or PA Bank that continue in effect following the Effective Time.

(b) Each employee of PAHC or PA Bank (except Reuther, Cobb, and Jackson) who becomes an employee of NBTB or any of its subsidiaries or who, following the Effective Time, remains an employee of PA Bank and is terminated by NBTB or any of its subsidiaries (including PA Bank) subsequent to the Effective Time shall be entitled to severance pay, if any, in accordance with the general severance policy of NBTB. Such employee's service with PAHC or PA Bank shall be treated as service with NBTB for purposes of determining the amount of severance pay, if any, under the severance policy of NBTB.

1.15. Voting Agreements. Simultaneously herewith, each shareholder of PAHC who is listed on Schedule 1.15 attached hereto shall each enter into an agreement with NBTB, substantially in form and substance as that set forth as Exhibit II attached hereto, in which he or she agrees to vote all shares of PAHC Common Stock which may be voted, or whose vote may be directed, by him or her, in favor of the transactions contemplated by this Agreement at the meeting of shareholders at which such transactions shall be considered.

1.16. Optional Bank Merger Transaction. NBTB in its sole and absolute discretion may elect to cause a merger of PA Bank to be consummated in accordance with the following terms and conditions:

(a) At any time following the date of this Agreement, and until and including February 5, 2000, NBTB shall be entitled to give notice to PAHC that NBTB wishes on the date of the Effective Time, and at such time subsequent to the Effective Time on such date as shall be designated by NBTB, to consummate the merger of PA Bank with and into LA Bank, National Association ("LA Bank"), or the merger of LA Bank into PA Bank, as the case may be specified in such notice (in either case, the "Bank Merger"). The day on which NBTB gives any such notice is referred to herein as the "Bank Merger Notice Date."

(b) Following the Bank Merger Notice Date, NBTB shall use commercially reasonable efforts to cause LA Bank to promptly enter into, and PAHC shall cause PA Bank to promptly enter into, an agreement of merger substantially in form and substance as that set forth as Exhibit III attached hereto.

(c) Following the Bank Merger Notice Date and at the request of NBTB, PAHC shall cause PA Bank to promptly become a party to this Agreement and to join in such representations, warranties, covenants, and agreements to or with NBTB as PAHC has, with respect to PA Bank, made to or with NBTB in this Agreement.

(d) Following the Bank Merger Notice Date, NBTB shall use commercially reasonable efforts to cause LA Bank to promptly seek to obtain the approval of the Office of the Comptroller of the Currency (the "OCC") and such other approvals, if any, as LA Bank may require for the consummation of the Bank Merger, and PAHC shall cause PA Bank to promptly seek to obtain such approvals, if any, as PA Bank may require for the consummation of the Bank Merger.

(e) Anything in this Agreement to the contrary notwithstanding, the Bank Merger shall not occur unless, at the time of the Bank Merger, LA Bank is a direct or indirect subsidiary of NBTB.

2. EFFECTIVE TIME.

The Effective Time shall be the date and time specified in the articles of merger to be filed with the Secretary of State of the Commonwealth of Pennsylvania pursuant to section 1927 of the BCL to effectuate the First Merger, the date of which shall be the latest of:

2.1. PAHC Shareholder Approval. The day upon which the shareholders of PAHC approve, ratify, and confirm the Merger by the affirmative vote of the holders of at least 70 percent of the votes which all shareholders of PAHC are entitled to cast thereon;

2.2. NBTB Shareholder Approval. The day upon which the shareholders of NBTB approve the issuance of NBTB Common Stock pursuant to this Agreement and ratify this Agreement;

2.3. Federal Reserve Approval. The first to occur of (a) the date thirty days following the date of the order of the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York acting pursuant to authority delegated to it by the Board of Governors of the Federal Reserve System (collectively, the "Board of Governors") approving the Merger, or (b) if, pursuant to section 321(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (the "Riegle Act"), the Board of Governors shall have prescribed a shorter period of time with the concurrence of the Attorney General of the United States, the date on which such shorter period of time shall elapse, or (c) the date ten days following the date on which the Board of Governors indicates its waiver of jurisdiction over the Merger; or

2.4. OCC Approval. If the Bank Merger Notice Date shall have timely occurred, the first to occur of (a) the date thirty days following the date of the order of the OCC approving the Bank Merger, or (b) if, pursuant to section 321(b) of the Riegle Act, the OCC shall have prescribed a shorter period of time with the concurrence of the Attorney General of the United States, the date on which such shorter period of time shall elapse; or

2.5. Pennsylvania Department of Banking Approval. The date ten days following the date of the order of the Department of Banking of the Commonwealth of Pennsylvania (the "Department") approving the transactions contemplated by this Agreement;

2.6. Other Regulatory Approvals. The date upon which any other material order, approval, or consent of a federal or state regulator of financial institutions or financial institution holding companies authorizing

consummation of the transactions contemplated by this Agreement is obtained or any waiting period mandated by such order, approval, or consent has run;

2.7. Expiration of Stays. Ten days after any stay of the approvals of any of the Board of Governors or the Department of the transactions contemplated by this Agreement or any injunction against closing of said transactions is lifted, discharged, or dismissed; or

2.8. Mutual Agreement. Such other date as shall be mutually agreed to by NBTB and PAHC.

3. CONDITIONS PRECEDENT TO PERFORMANCE OF OBLIGATIONS OF THE PARTIES.

The obligations of NBTB and PAHC to consummate the Merger shall be subject to the conditions that on or before the Effective Time:

3.1. Regulatory Approvals. Orders, consents, and approvals required to consummate the Merger and, if the Bank Merger Notice Date shall have timely occurred, the Bank Merger shall have been entered by the requisite governmental authorities, and all statutory waiting periods in respect thereof shall have expired.

3.2. Registration Statement.

(a) Effectiveness. The registration statement to be filed by NBTB with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Act in connection with the registration of the shares of NBTB Common Stock to be used as consideration in connection with the Merger (the "Registration Statement") shall have become effective under the Securities Act, and NBTB shall have received all required state securities laws or "blue sky" permits and other required authorizations or confirmations of the availability of exemptions from registration requirements necessary to issue NBTB Common Stock in the Merger.

(b) Absence of Stop-Order. Neither the Registration Statement nor any such required permit, authorization, or confirmation shall be subject to a stop-order or threatened stop-order by the SEC or any state securities authority.

3.3. Approval by Shareholders of PAHC. The shareholders of PAHC shall have authorized, ratified, and confirmed the Merger by the affirmative vote of the holders of at least 70 percent of the votes which all shareholders of PAHC are entitled to cast thereon.

3.4. Approval by Shareholders of NBTB.

(a) The shareholders of NBTB shall have approved the issuance of NBTB Common Stock pursuant to this Agreement and ratified this Agreement.

(b) The shareholders of NBTB shall have approved a proposed amendment to NBTB's Certificate of Incorporation to increase the number of authorized shares of NBTB common stock from fifteen million to thirty million (the "Share Increase Amendment").

3.5. Federal Income Taxation. NBTB and PAHC shall have received a written opinion of Blank Rome Comisky & McCauley LLP, or of Duane, Morris & Heckscher LLP, or of another firm mutually agreeable to NBTB and PAHC, applying existing law, that the Merger shall qualify as one or more reorganizations under section 368(a)(1) of the Code and the regulations and rulings promulgated thereunder. In rendering such opinion, the firm

rendering the opinion may require and rely upon representations contained in certificates of officers of NBTB, PAHC, and others.

3.6. Adverse Legislation. Subsequent to the date of this Agreement, no legislation shall have been enacted and no regulation or other governmental requirement shall have been adopted or imposed that renders or will render consummation of the Merger impossible or illegal.

3.7. Absence of Litigation. No action, suit, or proceeding shall have been instituted or shall have been threatened before any court or other governmental body or by any public authority to restrain, enjoin, or prohibit the Merger, or which would reasonably be expected to restrict materially the operation of the business of NBTB, that of PAHC, or that of PA Bank or the exercise of any rights with respect thereto or to subject either of the parties hereto or any of their subsidiaries, directors, or officers to any liability, fine, forfeiture, divestiture, or penalty on the ground that the transactions contemplated hereby, the parties hereto, or their subsidiaries, directors, or officers have breached or will breach any applicable law or regulation or have otherwise acted improperly in connection with the transactions contemplated hereby and with respect to which the parties hereto have been advised by counsel that, in the opinion of such counsel, such action, suit, or proceeding raises substantial questions of law or fact which could reasonably be decided materially adversely to either party hereto or its subsidiaries, directors, or officers.

4. CONDITIONS PRECEDENT TO PERFORMANCE OF THE OBLIGATIONS OF NBTB.

The obligations of NBTB hereunder are subject to the satisfaction, on or prior to the Effective Time, of all the following conditions, compliance with which or the occurrence of which may be waived in whole or in part by NBTB in writing unless not so permitted by law:

4.1. Representations and Warranties; Performance of Obligations. All representations and warranties of PAHC contained in this Agreement shall be true and correct in all material respects as of the Effective Time with the same effect as if such representations and warranties had been made or given at and as of such date, except that representations and warranties of PAHC contained in this Agreement which specifically relate to an earlier date shall be true and correct in all material respects as of such earlier date. All covenants and obligations to be performed or met by PAHC on or prior to the Effective Time shall have been so performed or met. On the date of the Effective Time, the president and chief executive officer and the chief financial officer of PAHC shall deliver to NBTB a certificate to that effect. The delivery of such certificates shall in no way diminish the warranties, representations, covenants, and obligations of PAHC made in this Agreement.

4.2. Opinion of PAHC Counsel. NBTB shall have received (a) a favorable opinion from Blank Rome Comisky & McCauley LLP, dated the date of the Effective Time, substantially in form and substance as that set forth as Exhibit IV(a) attached hereto, and (b) a favorable opinion from Patricia A. Cobb, Esq., Senior Executive Vice President/In-House Counsel of PAHC, dated the date of the Effective Time, substantially in form and substance as that set forth in Exhibit IV(b) attached hereto.

4.3. Opinion of PAHC Litigation Counsel. NBTB shall have received a favorable opinion from legal counsel handling litigation matters for PAHC and PA Bank, dated the date of the Effective Time, substantially in form and substance as that set forth as Exhibit V attached hereto.

4.4. No Adverse Developments.

(a) During the period from September 30, 1999 to the Effective Time, (i) there shall not have been any material adverse effect as defined in section 12.7(d) (a "Material Adverse Effect") with respect to PAHC; and (ii) none of the events described in clauses (a) through (f) of section 6.16 of this Agreement shall have occurred,

and each of the practices and conditions described in clauses (x) through (z) of that section shall have been maintained.

(b) As of the Effective Time, the capital structure of PAHC and the capital structure of PA Bank shall be as stated in section 6.9.

(c) As of the Effective Time, other than liabilities incurred in the ordinary course of business subsequent to September 30, 1999, there shall be no liabilities of PAHC or PA Bank which are material to PAHC on a consolidated basis which were not reflected on the consolidated statement of condition of PAHC as of September 30, 1999 or in the related notes to the consolidated statement of condition of PAHC as of September 30, 1999.

(d) No adverse action shall have been instituted or threatened against PAHC or any of its subsidiaries by any governmental authority, or referred by a governmental authority to another governmental authority, for the enforcement or assessment of penalties for the violation of any laws or regulations relating to equal credit opportunity, fair housing, or fair lending.

(e) NBTB shall have received a certificate dated the date of the Effective Time, signed by the president and the chief financial officer of PAHC, certifying to the matters set forth in paragraphs (a), (b), (c), and (d) of this section 4.4. The delivery of such officers' certificate shall in no way diminish the warranties and representations of PAHC made in this Agreement.

4.5. Consolidated Net Worth. On and as of the Effective Time, the consolidated net worth of PAHC as determined in accordance with generally accepted accounting principles but without regard to the change in unrealized gains and losses on securities (net of reclassification adjustment and tax effects) between September 30, 1999 and the Effective Time, shall not be less than the sum of (a) \$31,906,000, (b) the proceeds to PAHC of the sale of treasury stock since September 30, 1999, and (c) the proceeds to PAHC of the exercise of stock options to purchase shares of PAHC Common Stock since September 30, 1999.

4.6. Loan Loss Reserve. On and as of the Effective Time, the aggregate reserve for loan losses of PA Bank as determined in accordance with generally accepted accounting principles shall not be less than \$3,000,000.

4.7. CRA Rating. The CRA rating of PA Bank shall be no lower than "satisfactory."

4.8. Employment Agreement. Reuther shall have entered into an employment agreement with NBTB substantially in form and substance as that set forth as Exhibit VI attached hereto.

4.9. Releases. The releases described in sections 1.13(a), (b), and (c) shall have been delivered to NBTB.

4.10. Accounting Treatment. NBTB shall have received letters (the "Pooling Letters") from KPMG LLP ("KPMG"), in its capacity as the independent auditing firm of NBTB, dated the date of or shortly prior to each of the mailing date of the proxy materials to the shareholders of PAHC, and the date of the Effective Time, stating the opinion of KPMG that the Merger shall qualify for pooling-of-interest accounting treatment.

4.11. Affiliates' Agreements. NBTB shall have received a written agreement substantially in form and substance as that set forth as Exhibit VII attached hereto (an "Affiliates Agreement"):

(a) on or before the date of this Agreement, from each person who, on the date of this Agreement, is an "affiliate" of PAHC (as that term is used in section 7.6 of this Agreement), and

(b) not later than ten days after any other person becomes an "affiliate" of PAHC (as that term is used in section 7.6 of this Agreement), from such person.

4.12. Fairness Opinion. NBTB shall have received a letter from McConnell, Budd & Downes, Inc. ("MB&D"), dated the date of or shortly prior to the mailing date of the proxy materials to the shareholders of NBTB, stating the opinion of MB&D that the Exchange Ratio is fair, from a financial point of view, to the shareholders of NBTB.

5. CONDITIONS PRECEDENT TO PERFORMANCE OF OBLIGATIONS OF PAHC.

The obligations of PAHC hereunder are subject to the satisfaction, on or prior to the Effective Time, of all the following conditions, compliance with which or the occurrence of which may be waived in whole or in part by PAHC in writing unless not so permitted by law:

5.1. Representations and Warranties; Performance of Obligations. All representations and warranties of NBTB contained in this Agreement shall be true and correct in all material respects as of the Effective Time with the same effect as if such representations and warranties had been made or given at and as of such date, except that representations and warranties of NBTB contained in this Agreement which specifically relate to an earlier date shall be true and correct in all material respects as of such earlier date. All covenants and obligations to be performed or met by NBTB on or prior to the Effective Time shall have been so performed or met. On the date of the Effective Time, either the president or an executive vice president of NBTB shall deliver to PAHC a certificate to that effect. The delivery of such officer's certificate shall in no way diminish the warranties, representations, covenants, and obligations of NBTB made in this Agreement.

5.2. Opinion of NBTB Counsel. PAHC shall have received a favorable opinion of Duane, Morris & Heckscher LLP, dated the date of the Effective Time, substantially in form and substance as that set forth as Exhibit VIII attached hereto.

5.3. No Adverse Developments. During the period from September 30, 1999 to the Effective Time, there shall not have been any Material Adverse Effect with respect to NBTB, and PAHC shall have received a certificate dated the date of the Effective Time signed by either the President or an Executive Vice President of NBTB to the foregoing effect. The delivery of such officer's certificate shall in no way diminish the warranties and representations of NBTB made in this Agreement.

5.4. Status of NBTB Common Stock. The shares of NBTB Common Stock to be issued to the shareholders of PAHC upon consummation of the Merger shall have been authorized for inclusion on the Nasdaq National Market (or another national securities exchange) subject to official notice of issuance.

5.5. Change-in-Control Agreements. NBTB shall have tendered to each of Reuther, Cobb, and Jackson a change-in-control agreement substantially in form and substance as that set forth as Exhibit IX attached hereto.

5.6. Board of Directors. Subject to the fiduciary duties of its directors to NBTB, NBTB shall have taken all necessary action to comply with its obligations under section 1.13(d) of this Agreement.

5.7. Fairness Opinion. PAHC shall have received a letter from Danielson Associates Inc. ("Danielson"), dated the date of or shortly prior to the mailing date of the proxy materials to the shareholders of PAHC, stating the opinion of Danielson that the Exchange Ratio is fair, from a financial point of view, to the shareholders of PAHC.

5.8. Accounting Treatment. NBTB shall have received the Pooling Letters, provided, however, that if NBTB shall not have received the Pooling Letters as a result of the action of PAHC or one or more of its affiliates, directors, officers, or shareholders, then PAHC shall be deemed to have duly waived the condition set forth in this section 5.8.

6. REPRESENTATIONS AND WARRANTIES OF PAHC.

PAHC represents and warrants to NBTB as follows:

6.1. Organization, Powers, and Qualification. Each of PAHC and PA Bank is a corporation which is duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation and has all requisite corporate power and authority to own and operate its properties and assets, to lease properties used in its business, and to carry on its business as now conducted. Each of PAHC and PA Bank owns or possesses in the operation of its business all franchises, licenses, permits, branch certificates, consents, approvals, waivers, and other authorizations, governmental or otherwise, which are necessary for it to conduct its business as now conducted, except for those where the failure of such ownership or possession would not have a Material Adverse Effect on PAHC or PA Bank. Each of PAHC and PA Bank is duly qualified and licensed to do business and is in good standing in every jurisdiction with respect to which the failure to be so qualified or licensed could result in a Material Adverse Effect on PAHC or PA Bank.

6.2. Execution and Performance of Agreement. Subject to the approval of this Agreement by the affirmative vote of the holders of at least 70 percent of the votes which all shareholders of PAHC are entitled to cast thereon, PAHC has all requisite corporate power and authority to execute and deliver this Agreement and to perform its respective terms.

6.3. Absence of Violations.

(a) Neither PAHC nor PA Bank is (i) in violation of its respective charter documents or bylaws, (ii) in violation of any applicable federal, state, or local law or ordinance or any order, rule, or regulation of any federal, state, local, or other governmental agency or body, or (iii) in violation of or in default with respect to any order, writ, injunction, or decree of any court, or any order, license, regulation, or demand of any governmental agency, except, in the case of (ii) or (iii), for such violations or defaults which in the aggregate could not reasonably be expected to have a Material Adverse Effect on PAHC or PA Bank; and neither PAHC nor PA Bank has received any claim or notice of violation with respect thereto;

(b) neither PAHC nor PA Bank nor any member of the management of either of them is a party to any assistance agreement, supervisory agreement, memorandum of understanding, consent order, cease and desist order or condition of any regulatory order or decree with or by the Board of Governors, the Federal Reserve Bank of Philadelphia, the OCC, the Federal Deposit Insurance Corporation (the "FDIC"), the SEC, the Department, any other banking or securities authority of the United States or the Commonwealth of Pennsylvania, or any other regulatory agency that relates to the conduct of the business of PAHC or PA Bank or any of their subsidiaries or their assets; and except as previously disclosed to NBTB in writing, no such agreement, memorandum, order, condition, or decree is pending or threatened;

(c) PA Bank has established policies and procedures to provide reasonable assurance of compliance in a safe and sound manner with the federal banking, credit, housing, consumer protection, and civil rights laws and the regulations adopted under each of those laws, so that transactions be executed and assets be main tained in accordance with such laws and regulations; and the policies and practices of PA Bank with respect to all

such laws and regulations reasonably limit noncompliance and detect and report noncompliance to its management; and

(d) PA Bank has established a CRA policy which provides for goals and objectives consistent with CRA and for procedures whereby all significant CRA-related activity is documented; and PA Bank has officially designated a CRA officer who reports directly to the board of directors and is responsible for the CRA program of PA Bank.

6.4. Compliance with Agreements. Neither PAHC nor PA Bank is in violation of any term of any security agreement, mortgage, indenture, or any other contract, agreement, instrument, lease, or certificate, except for such violations which in the aggregate could not reasonably be expected to have a Material Adverse Effect on PAHC or PA Bank.

6.5. Binding Obligations. Subject to the approval of its shareholders, this Agreement constitutes valid, legal, and binding obligations of PAHC, enforceable against it in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, moratorium or similar law, or by general principles of equity. The execution, delivery, and performance of this Agreement and the transactions contemplated thereby have been duly and validly authorized by the board of directors of PAHC.

6.6. Absence of Default; Due Authorization.

(a) None of the execution or the delivery of this Agreement, the consummation of the transactions contemplated thereby, or the compliance with or fulfillment of the terms thereof will conflict with, or result in a breach of any of the terms, conditions, or provisions of, or constitute a default under the organizational documents or bylaws of PAHC or PA Bank or any subsidiary of either of them. Such execution, consummation, and fulfillment will not (i) conflict with, or result in a breach of the terms, conditions, or provisions of, or constitute a violation, conflict, or default under, or, except as set forth on Schedule 6.6 hereof, give rise to any right of termination, cancellation, or acceleration with respect to, or result in the creation of any lien, charge, or encumbrance upon, any property or assets of PAHC or PA Bank or any subsidiary of either of them pursuant to any agreement or instrument under which PAHC or PA Bank or any such subsidiary is obligated or by which any of its properties or assets may be bound, including without limitation any lease, contract, mortgage, promissory note, deed of trust, loan, credit arrangement, or other commitment or arrangement of PAHC or PA Bank or any subsidiary of either of them in respect of which it is an obligor, except for such conflicts, breaches, violations, defaults, rights of termination, cancellation, or acceleration, or results which in the aggregate could not reasonably be expected to have a Material Adverse Effect on PAHC or PA Bank; (ii) if the Merger is approved by the Board of Governors under the Bank Holding Company Act of 1956, as amended (the "BHC Act"), or if the Board of Governors waives its jurisdiction over the Holding Company Merger, and if the Bank Merger is approved by the OCC, and if the transactions contemplated by this Agreement are approved by the Department, violate any law, statute, rule, or regulation of any government or agency to which PAHC or PA Bank or any subsidiary of either of them is subject and which is material to its operations; or (iii) violate any judgment, order, writ, injunction, decree, or ruling to which PAHC or PA Bank or any subsidiary of either of them or any of the properties or assets of either of them is subject or bound. None of the execution or delivery of this Agreement, the consummation of the transactions contemplated hereby, or the compliance with or fulfillment of the terms hereof will require any authorization, consent, approval, or exemption by any person which has not been obtained, or any notice or filing which has not been given or done, other than approval of the transactions contemplated by this Agreement by, notices to, or filings with by the Board of Governors, the OCC, the Securities and Exchange Commission (the "SEC"), state securities commissions, the Department, the Secretary of State of the State of Delaware, and the Secretary of State of the Commonwealth of Pennsylvania.

(b) Except for approval of this Agreement by the affirmative vote of the holders of at least 70 percent of the votes which all shareholders of PAHC are entitled to cast thereon, and except for approval of the Bank Merger by the board of directors and shareholders of PA Bank, no other corporate proceedings on the part of PAHC are necessary to approve or authorize this Agreement, the Merger, the Stock Option Agreement, the issuance of the stock options contemplated by the Stock Option Agreement, the subsequent exercise of the stock options thereby issued, the Bank Merger, or the other transactions contemplated by this Agreement and the Stock Option Agreement or the carrying out of the transactions contemplated hereby or thereby.

(c) The Board of Directors of PAHC has taken all necessary action under the articles of incorporation of PAHC to approve unconditionally and irrevocably the right of NBTB and any transferee of NBTB and the right of any "person" that includes either NBTB or any such transferee (i) to cast more than 10 percent of the total votes entitled to be cast by all holders of the voting securities of PAHC at any meeting, and (ii) to have "holdings" (as defined in the articles of incorporation of PAHC) that exceed 10 percent of the voting securities of PAHC, whether such votes or holdings are acquired by NBTB in the First Merger, by the issuance of the stock options contemplated by the Stock Option Agreement, by the subsequent exercise of the stock options issued thereby, or otherwise.

(d) The Board of Directors of PAHC has taken all necessary action so that the provisions of sections 2561 et seq. of the BCL (and any applicable provisions of the takeover laws of any other state) and any comparable provisions of PAHC's articles of incorporation do not and will not apply to this Agreement, the First Merger, the Second Merger, the Stock Option Agreement, or the transactions contemplated hereby.

(e) PAHC has not adopted any shareholder rights plan, "poison pill" or similar plan, or any other plan which could result in the grant of any rights to any person, or which could enable or require any rights to be exercised, distributed or triggered, in the event of the execution, delivery, or announcement of this Agreement or the Stock Option Agreement, or in the event of the consummation of the Merger or the Bank Merger or any of the transactions contemplated by this Agreement or the Stock Option Agreement.

6.7. Compliance with BHC Act; Certain Banking Regulatory Matters.

(a) PAHC is duly registered as a bank holding company under the BHC Act. All of the activities and investments of PAHC conform to the requirements applicable generally to bank holding companies under the BHC Act and the regulations of the Board of Governors adopted thereunder.

(b) No corporation or other entity, other than PAHC, is registered or is required to be registered as a bank holding company under the BHC Act by virtue of its control over PA Bank or over any company that directly or indirectly has control over PA Bank.

(c) Each of the activities engaged in by PAHC and its direct and indirect subsidiaries has been determined by regulation of the Board of Governors to be so closely related to banking or managing or controlling banks as to be a proper incident thereto.

(d) The capital ratios of each of PAHC and PA Bank comply fully with all terms of all currently outstanding supervisory and regulatory requirements and with the conditions of all regulatory orders and decrees.

6.8. Subsidiaries.

(a) Other than PA Bank, which is a direct, wholly-owned subsidiary of PAHC, PAHC does not have any direct or indirect subsidiaries and does not directly or indirectly own, control, or hold with the power to

vote any shares of the capital stock of any company (except shares held by PA Bank for the account of others in a fiduciary or custodial capacity in the ordinary course of its business and shares of the Federal Reserve Bank of Philadelphia and the Federal Home Loan Bank of Pittsburgh). There are no outstanding subscriptions, options, warrants, convertible securities, calls, commitments, or agreements calling for or requiring the issuance, transfer, sale, or other disposition of any shares of the capital stock of PA Bank, or calling for or requiring the issuance of any securities or rights convertible into or exchangeable for shares of capital stock of PA Bank. There are no other direct or indirect subsidiaries of PAHC which are required to be consolidated or accounted for on the equity method in the consolidated financial statements of PAHC or the financial statements of PA Bank prepared in accordance with generally accepted accounting principles.

(b) Except as specified in the previous subsection, neither PAHC nor PA Bank has a direct or indirect equity or ownership interest which represents 5 percent or more of the aggregate equity or ownership interest of any entity (including, without limitation, corporations, partnerships, and joint ventures).

6.9. Capital Structure.

(a) The authorized capital stock of PAHC consists of 1,000,000 shares of PAHC Preferred Stock, \$10.00 par value, none of which have been issued as of the date of this Agreement, and 25,000,000 shares of PAHC Common Stock, of which, as of the date of this Agreement, 2,864,307 shares have been duly issued and are validly outstanding, fully paid, and nonassessable, and held by approximately 1,460 shareholders of record, and an additional 71,600 shares are held in the treasury of PAHC. The aforementioned shares of PAHC Common Stock are the only voting securities of PAHC authorized, issued, or outstanding as of such date; and except as set forth on Schedule 6.9 hereof, there are no outstanding subscriptions, options, warrants, convertible securities, calls, commitments, or agreements calling for or requiring the issuance, transfer, sale, or other disposition of any shares of the capital stock of PAHC, or calling for or requiring the issuance of any securities or rights convertible into or exchangeable for shares of capital stock of PAHC. None of the PAHC Common Stock is subject to any restrictions upon the transfer thereof under the terms of the articles of incorporation or bylaws of PAHC.

(b) Schedule 6.9 hereof lists all options to purchase PAHC securities currently outstanding and, for each such option, the date of issuance, date of exercisability, exercise price, type of security for which exercisable, and date of expiration. Schedule 6.9 hereof further lists all shares of PAHC Common Stock reserved for issuance pursuant to stock option plans, agreements, or arrangements but not yet issued and all options upon shares of PAHC Common Stock designated or made available for grant but not yet granted.

(c) The authorized capital stock of PA Bank consists of 325,000 shares of common stock, \$10.00 par value (the "PA Bank Common Stock"), of which, as of the date of this Agreement, 267,748 shares have been duly issued and are validly outstanding, fully paid, and nonassessable, and all of which are held of record and beneficially by PAHC directly, free and clear of any adverse claims. The aforementioned shares of PA Bank Common Stock are the only voting securities of PA Bank authorized, issued, or outstanding as of such date. None of the PA Bank Common Stock is subject to any restrictions upon the transfer thereof under the terms of the corporate charter or bylaws of PA Bank or under the terms of any agreement to which PA Bank is a party or under which it is bound.

(d) None of the shares of PAHC Common Stock or PA Bank Common Stock has been issued in violation of the preemptive rights of any shareholder.

(e) As of the date hereof, to the best of the knowledge of PAHC, and except for this Agreement, there are no shareholder agreements, or other agreements, understandings, or commitments relating to the right of any holder or beneficial owner of more than 1 percent of the issued and outstanding shares of any class of

the capital stock of either PAHC or PA Bank to vote or to dispose of his, her or its shares of capital stock of that entity.

6.10. Articles of Incorporation, Bylaws, and Minute Books. The copies of the articles of incorporation or association and all amendments thereto and of the bylaws, as amended, of PAHC and PA Bank that have been provided to NBTB are true, correct, and complete copies thereof. The minute books of PAHC and PA Bank that have been made available to NBTB contain accurate minutes of all meetings and accurate consents in lieu of meetings of the board of directors (and any committee thereof) and of the shareholders of PAHC and PA Bank since their respective inceptions. These minute books accurately reflect all transactions referred to in such minutes and consents in lieu of meetings and disclose all material corporate actions of the shareholders and boards of directors of PAHC and PA Bank and all committees thereof. Except as reflected in such minute books, there are no minutes of meetings or consents in lieu of meetings of the board of directors (or any committee thereof) or of shareholders of PAHC or PA Bank.

6.11. Books and Records. The books and records of each of PAHC and PA Bank fairly reflect the transactions to which it is a party or by which its properties are subject or bound. Such books and records have been properly kept and maintained and are in compliance in all material respects with all applicable accounting and legal requirements. Each of PAHC and PA Bank follows generally accepted accounting principles applied on a consistent basis in the preparation and maintenance of its books of account and financial statements.

6.12. Regulatory Approvals and Filings, Contracts, Commitments, etc. PAHC has made available to NBTB:

(a) All regulatory approvals received since January 1, 1992, of PAHC and PA Bank relating to all bank and nonbank acquisitions or the establishment of de novo operations;

(b) All employment contracts, election contracts, retention contracts, deferred compensation, non-competition, bonus, stock option, profit-sharing, pension, retirement, consultation after retirement, incentive, insurance arrangements or plans (including medical, disability, group life or other insurance plans), and any other remuneration or fringe benefit arrangements applicable to employees, officers, or directors of PAHC or PA Bank, accompanied by any agreements, including trust agreements, embodying such contracts, plans, or arrangements, and all employee manuals and memoranda relating to employment and benefit policies and practices of any nature whatsoever (whether or not distributed to employees or any of them), and any actuarial reports and audits relating to such plans;

(c) All material contracts, agreements, leases, mortgages, and commitments to which PAHC or PA Bank is a party or may be bound; or, if any of the same be oral, true, accurate, and complete written summaries of all such oral contracts, agreements, leases, mortgages, and commitments;

(d) All contracts, agreements, leases, mortgages, and commitments, whether or not material, to which PAHC or PA Bank is a party or may be bound and which require the consent or approval of third parties to the execution and delivery of this Agreement or to the consummation or performance of any of the transactions contemplated thereby or, if any of the same be oral, true, accurate, and complete written summaries of all such oral contracts, agreements, leases, mortgages, and commitments;

(e) All deeds, leases, contracts, agreements, mortgages, and commitments, whether or not material, to which PAHC or PA Bank is a party or may be bound and which relate to land, buildings, fixtures, or other real property upon or within which PAHC or PA Bank operates its businesses or is authorized to operate its businesses, or with respect to which PAHC or PA Bank has any application pending for authorization to operate its businesses;

(f) Any pending application, including any documents or materials related thereto, which has been filed by PAHC or PA Bank with any federal or state regulatory agency with respect to the establishment of a new office or the acquisition or establishment of any additional banking or nonbanking subsidiary; and

(g) All federal, state, and local tax returns, including any amended returns, filed by PAHC or PA Bank for the years 1995 through 1998, a copy of the calculation of the 1999 tax provision made by PAHC for the year 1999 as recorded on its books and records, and a copy of all substantive correspondence or other documents with respect to any examination that has not yet been resolved, a copy of the most recent examination from each state or local tax agency if any, for each of PAHC and PA Bank, and a copy of all substantive correspondence or other documents with respect to any examination that has not yet been resolved, and all tax rulings, closing agreements, settlement agreements, or similar documents with respect to PAHC or PA Bank received from or entered into with the Internal Revenue Service (the "IRS") or any other taxing authority since January 1, 1989 or that would have continuing effect after the Effective Time.

6.13. Financial Statements. PAHC has furnished to NBTB its consolidated audited statement of condition as of each of December 31, 1996, December 31, 1997, and December 31, 1998, and its related audited consolidated statement of income, consolidated statement of cash flows, and consolidated statement of changes in stockholders' equity for each of the periods then ended, and the notes thereto, and its consolidated unaudited statement of condition as of September 30, 1999 and its related unaudited consolidated statement of income, consolidated statement of cash flows, and consolidated statement of changes in stockholders' equity for the period then ended, and the notes thereto, each as filed with the SEC (collectively, the "PAHC Financial Statements"). All of the PAHC Financial Statements, including the related notes, (a) except as indicated in the notes thereto, were prepared in accordance with generally accepted accounting principles consistently applied in all material respects (subject, in the case of unaudited statements, to recurring audit adjustments normal in nature and amount), (b) are in accordance with the books and records of PAHC and PA Bank, (c) fairly reflect the consolidated financial position of PAHC as of such dates, and the consolidated results of operations of PAHC for the periods ended on such dates, and do not fail to disclose any material extraordinary or out-of-period items, and (d) reflect, in accordance with generally accepted accounting principles consistently applied in all material respects, adequate provision for, or reserves against, the consolidated loan losses of PAHC as of such dates.

6.14. Call Reports; Bank Holding Company Reports.

(a) PA Bank has made available to NBTB its FFIEC Consolidated Reports of Condition and Income ("Call Reports") for the calendar quarter dated March 31, 1996 and each calendar quarter thereafter. All of such Call Reports, including the related schedules and memorandum items, were prepared in accordance with generally accepted accounting principles consistently applied in all material respects or, to the extent different from generally accepted accounting principles, accounting principles mandated by the applicable instructions to such Call Reports.

(b) No adjustments are required to be made to the equity capital account of PA Bank as reported on any of the Call Reports referred to in Subsection 6.14(a) hereof, in any material amount, in order to conform such equity capital account to equity capital as would be determined in accordance with generally accepted accounting principles as of such date.

(c) PAHC has furnished to NBTB its annual report on Form FR Y-6 as filed with the Board of Governors as of December 31, 1998 and all amendments and periodic and current reports filed with the Board of Governors under the BHC Act subsequent to December 31, 1998.

6.15. Absence of Undisclosed Liabilities. At September 30, 1999, neither PAHC nor PA Bank had any obligation or liability of any nature (whether absolute, accrued, contingent, or otherwise, and whether due or to

become due) which was material, or which when combined with all similar obligations or liabilities would have been material, to PAHC, except (a) as disclosed in the PAHC Financial Statements, or (b) as set forth on Schedule 6.15 hereof, or (c) for unfunded loan commitments made by PAHC or PA Bank in the ordinary course of their business consistent with past practice. The amounts set up as current liabilities for taxes in the PAHC Financial Statements are sufficient for the payment of all federal, state, local and foreign income, payroll, withholding, excise, sales, use, personal property, use and occupancy, business and occupation, mercantile, real estate, gross receipts, license, employment, severance, stamp, premium, windfall profits, social security (or similar unemployment), disability, transfer, registration, value added, alternative, or add-on minimum, estimated, or capital stock and franchise tax and other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not ("Tax" or "Taxes") accrued in accordance with generally accepted accounting principles and unpaid at September 30, 1999. Since September 30, 1999, neither PAHC nor PA Bank has incurred or paid any obligation or liability that would be material (on a consolidated basis) to PAHC, except (x) for obligations incurred or paid in connection with transactions by it in the ordinary course of its business consistent with past practices, or (y) as set forth on Schedule 6.15 hereof, or (z) as expressly contemplated herein.

6.16. Absence of Certain Developments. Since September 30, 1999, except as set forth on Schedule 6.16 hereof, there has been (a) no Material Adverse Effect with respect to PAHC and PA Bank, (b) no material deterioration in the quality of the consolidated loan portfolio of PAHC, and no material increase in the consolidated level of nonperforming assets or non-accrual loans at PAHC or in the level of its consolidated provision for credit losses or its consolidated reserve for credit losses; (c) no declaration, setting aside, or payment by PAHC or PA Bank of any regular dividend, special dividend, or other distribution with respect to any class of capital stock of PAHC or PA Bank, other than, subject to the dividend-coordination provisions of section 7.9 of this Agreement, customary cash dividends paid by PAHC whose amounts have not exceeded \$0.20 per share per calendar quarter and the intervals between which dividends have not been more frequent than past practice, and other than customary cash dividends paid by PA Bank whose amounts have not exceeded past practice and the intervals between which dividends have not been more frequent than past practice; (d) no repurchase by PAHC of any of its capital stock; (e) no material loss, destruction, or damage to any material property of PAHC or PA Bank, which loss, destruction, or damage is not covered by insurance; and (f) no material acquisition or disposition of any asset, nor any material contract outside the ordinary course of business entered into by PAHC or PA Bank nor any substantial amendment or termination of any material contract outside the ordinary course of business to which PAHC or PA Bank is a party, nor any other transaction by PAHC or PA Bank involving an amount in excess of \$50,000 other than for fair value in the ordinary course of its business. Since September 30, 1999, except as set forth on Schedule 6.16 hereof, (x) each of PAHC and PA Bank has conducted its business only in the ordinary course of such business and consistent with past practice; (y) PAHC, on a consolidated basis, has maintained the quality of its loan portfolio and that of each of its major components at approximately the same level as existed at September 30, 1999; and (z) PAHC, on a consolidated basis, has administered its investment portfolio pursuant to essentially the same policies and procedures as existed during 1997 and 1998 and the first nine months of 1999, and has taken no action to lengthen the average maturity of the investment portfolio, or of any significant category thereof, to any material extent.

6.17. Reserve for Credit Losses. The most recent of the PAHC Financial Statements reflect a consolidated reserve for credit losses that is adequate in accordance with generally accepted accounting principles to absorb reasonably anticipated losses in the consolidated loan and lease portfolios of PAHC, in view of the size and character of such portfolios, current economic conditions, and other pertinent factors. Management reevaluates the adequacy of such reserve quarterly based on portfolio performance, current economic conditions, and other factors.

6.18. Tax Matters.

(a) Except as set forth on Schedule 6.18 hereof, all Tax returns and reports required to be filed by or on behalf of PAHC or PA Bank have been timely filed with the appropriate governmental agencies in all jurisdictions in which such returns and reports are required to be filed, or requests for extensions have been timely

filed, granted, and have not expired for periods ending on or before December 31, 1998, and all returns filed are complete and accurate and properly reflect its Taxes for the periods covered thereby. All Taxes shown or required to be shown on filed returns have been paid, except for any not yet due and payable. As of the date hereof, there is no audit, examination, deficiency, or refund litigation or tax claim or any notice of assessment or proposed assessment by the IRS or any other taxing authority, or any other matter in controversy with respect to any Taxes that might result in a determination adverse to PAHC or PA Bank, except as reserved against in the PAHC Financial Statements. All Taxes due with respect to completed and settled examinations or concluded litigation have been properly accrued or paid.

(b) Except as set forth on Schedule 6.18 hereof, neither PAHC nor PA Bank has executed an extension or waiver of any statute of limitations on the assessment or collection of any Tax due that is currently in effect.

(c) To the extent any Taxes are due from, but have not yet been paid by, PAHC or PA Bank for the period or periods beginning January 1, 1999 or thereafter through and including the Effective Time, adequate provision on an estimated basis has been made for the payment of such taxes by establishment of appropriate tax liability accounts on the monthly financial statements of PAHC.

(d) Deferred Taxes of PAHC and PA Bank have been provided for in accordance with generally accepted accounting principles as in effect on the date of this Agreement.

(e) The deductions of PA Bank for bad debts taken and the reserve of PA Bank for loan losses for federal income tax purposes at December 31, 1998, were not greater than the maximum amount permitted under the provisions of section 585 of the Code.

(f) Other than liens arising under the laws of the United States or the Commonwealth of Pennsylvania with respect to Taxes assessed and not yet due and payable, there are no tax liens on any of the properties or assets of PAHC or PA Bank.

(g) PAHC and PA Bank (i) have timely filed all information returns or reports required to be filed with respect to Taxes, including but not limited to those required by sections 6041, 6041A, 6042, 6045, 6049, 6050H, and 6050J of the Code, (ii) have properly and timely provided to all persons, other than taxing authorities, all information reports or other documents (for example, Form 1099s, Form W-2s, and so forth) required to be provided to such persons under applicable law, and (iii) have exercised due diligence in obtaining certified taxpayer identification numbers as required under applicable law.

(h) The taxable year end of PAHC for federal income tax purposes is, and since the inception of PAHC has continuously been, December 31.

(i) PAHC and PA Bank have in all material respects satisfied all federal, state, local, and foreign withholding tax requirements including but not limited to income, social security, and employment tax withholding.

(j) Neither PAHC nor PA Bank (i) is, or has been, a member of a group filing a consolidated, combined, or unitary tax return, other than a group the common parent of which is or was PAHC, or (ii) has any liability for the Taxes of any person (other than PAHC and PA Bank) under Treas. Reg. ss. 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

6.19. Consolidated Net Worth. The consolidated net worth of PAHC on the date of this Agreement, as determined in accordance with generally accepted accounting principles but without regard to the change in

unrealized gains and losses on securities (net of reclassification adjustment and tax effects) between September 30, 1999 and the date of this Agreement, is not less than the sum of (a) \$31,906,000, (b) the proceeds to PAHC of the sale of treasury stock since September 30, 1999, and (c) the proceeds to PAHC of the exercise of stock options to purchase shares of PAHC Common Stock since September 30, 1999.

6.20. Examinations. To the extent consistent with law, PAHC has heretofore disclosed to NBTB relevant information contained in the most recent safety-and-soundness, compliance, Community Reinvestment Act, and other Reports of Examination with respect to PAHC issued by the Board of Governors and the most recent safety- and-soundness, compliance, Community Reinvestment Act, and other Reports of Examination with respect to PA Bank issued by the OCC. Such information so disclosed consists of all material information with respect to the financial, operational, and legal condition of the entity under examination which is included in such reports.

6.21. Reports. Since January 1, 1996, each of PAHC and PA Bank has effected all registrations and filed all reports and statements, together with any amendments required to be made with respect thereto, which it was required to effect or file with (a) the Board of Governors, (b) the OCC, (c) the FDIC, (d) the United States Department of the Treasury, (e) the Department, (e) the Securities and Exchange Commission, and (f) any other governmental or regulatory authority or agency having jurisdiction over its operations. Each of such registrations, reports, and documents, including the financial statements, exhibits, and schedules thereto, does not contain any statement which, at the time and in the light of the circumstances under which it was made, is false or misleading with respect to any material fact or which omits to state any material fact necessary in order to make the statements contained therein not false or misleading.

6.22. FIRA Compliance and Other Transactions with Affiliates. Except as set forth on Schedule 6.22 hereof, (a) none of the officers, directors, or beneficial holders of 5 percent or more of the common stock of PAHC or PA Bank and no person "controlled" (as that term is defined in the Financial Institutions Regulatory and Interest Rate Control Act of 1978) by PAHC or PA Bank (collectively, "Insiders") has any ongoing material transaction with PAHC or PA Bank on the date of this Agreement; (b) no Insider has any ownership interest in any business, corporate or otherwise, which is a party to, or in any property which is the subject of, business arrangements or relationships of any kind with PAHC or PA Bank not in the ordinary course of business; and (c) all other extensions of credit by PAHC or PA Bank to any Insider have heretofore been disclosed in writing by PAHC to NBTB.

6.23. SEC Registered Securities. Other than the PAHC Common Stock, no equity or debt securities of PAHC or PA Bank are registered or required to be registered under the Securities Act or the Securities Exchange Act of 1934, as amended (the "Exchange Act").

6.24. Legal Proceedings. Except as disclosed in the PAHC Financial Statements or as set forth on Schedule 6.24 hereof, there is no claim, action, suit, arbitration, investigation, or other proceeding pending against PAHC or PA Bank before any court, governmental agency, authority or commission, arbitrator, or "impartial mediator" or, to the best of the knowledge of PAHC and PA Bank, threatened or contemplated against or affecting it or its property, assets, interests, or rights, or any basis therefor of which notice has been given, which, if adversely determined, would have a Material Adverse Effect on PAHC or which otherwise could prevent, hinder, or delay consummation of the transactions contemplated by this Agreement.

6.25. Absence of Governmental Proceedings. Except as set forth on Schedule 6.25 hereof, neither PAHC nor PA Bank is a party defendant or respondent to any pending legal, equitable, or other proceeding commenced by any governmental agency and, to the best of the knowledge of PAHC and PA Bank, no such proceeding is threatened.

6.26. Federal Deposit Insurance.

(a) The deposits held by PA Bank are insured within statutory limits by the Bank Insurance Fund of the FDIC (the "BIF") pursuant to the provisions of the Federal Deposit Insurance Act, as amended (12 U.S.C. ss. 1811 et seq.) (the "FDI Act"), and PA Bank has paid all regular premiums and special assessments and filed all related reports and statements required under the FDI Act.

(b) PA Bank is a member of and pays insurance assessments to the BIF. None of the deposits of PA Bank are insured by the Savings Association Insurance Fund of the FDIC (the "SAIF"), and PA Bank pays no insurance assessments to the SAIF.

6.27. Other Insurance. Each of PAHC and PA Bank carries insurance with reputable insurers, including blanket bond coverage, in such amounts as are reasonable to cover such risks as are customary in relation to the character and location of its properties and the nature of its businesses. All such policies of insurance are in full force and effect, and no notice of cancellation has been received. All premiums to date have been paid in full. Neither PAHC nor PA Bank is in default with respect to any such policy which is material to it.

6.28. Labor Matters.

(a) Neither PAHC nor PA Bank is a party to or bound by any collective bargaining contracts with respect to any employees of PAHC or PA Bank. Since their respective inceptions there has not been, nor to the best of the knowledge of PAHC and PA Bank was there or is there threatened, any strike, slowdown, picketing, or work stoppage by any union or other group of employees against PAHC or PA Bank or any of its premises, or any other labor trouble or other occurrence, event, or condition of a similar character. As of the date hereof, neither PAHC nor PA Bank is aware of any attempts to organize a collective bargaining unit to represent any of its employee groups.

(b) As of the date hereof, each of PAHC and PA Bank is, to the best of its knowledge, in compliance in all material respects with all federal and state laws, regulations, and orders respecting employment and employment practices (including Title VII of the Civil Rights Act of 1964), terms and conditions of employment, and wages and hours; and neither PAHC nor PA Bank is engaged in any unfair labor practice. As of the date hereof, except as set forth on Schedule 6.28 hereof, no dispute exists between PAHC or PA Bank and any of its employee groups regarding any employee organization, wages, hours, or conditions of employment which would materially interfere with the business or operations of PAHC or PA Bank.

6.29. Employee Benefit Plans.

(a) Schedule 6.29 hereto contains a complete list of all pension, retirement, stock purchase, stock bonus, stock ownership, stock option, performance share, stock appreciation right, phantom stock, savings, and profit-sharing plans, all employment, deferred compensation, consulting, bonus, and collective bargaining agreements, and group insurance contracts and other incentive, welfare, life insurance, death or survivor's benefit, health insurance, sickness, disability, medical, surgical, hospital, severance, layoff and vacation plans, contracts, and arrangements and employee benefit plans and agreements, whether or not subject to ERISA, whether formal or informal, whether written or oral, whether legally binding or not, under which any current or former employee of PAHC or PA Bank has any present right to future benefits or payments or under which PAHC or PA Bank has any present or future liability (together, the "PAHC Plans").

(b) As to each of the PAHC Plans, PAHC has made available to NBTB true, complete, current, and accurate copies of (i) the executed document or documents governing the plan, including the related trust agreement, insurance policy, and summary plan description (or other description in the case of an unwritten

plan); (ii) the most recent and prior two years' actuarial and financial report prepared with respect to the plan if it constitutes a "qualified plan" under section 401(a) of the Code; (iii) the Forms 5500 with all schedules for the last three years; (iv) all IRS rulings, determination letters, and any open requests for such rulings and letters that pertain to the plan; and (v) to the extent they pertain to the plan, attorneys' responses to auditors' requests for information for the last three years.

(c) Except for funding obligations and liabilities to the Pension Benefit Guaranty Corporation ("PBGC") pursuant to section 4007 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), all of which have been fully paid, neither PAHC nor PA Bank has any tax, penalty, or liability with respect to any PAHC Plan under ERISA, the Code, or any other applicable law, regulation, or ruling. As to each PAHC Plan with respect to which a Form 5500 has been filed, no material change has occurred with respect to the matters covered by the most recent Form 5500 since the date thereof, other than regular accruals and contributions.

(d) Each PAHC Plan intended to be a "qualified plan" under the Code complies with ERISA and applicable provisions of the Code. Neither PAHC nor PA Bank has any material liability under any PAHC Plan which is not reflected on the PAHC Financial Statements (other than such normally unrecorded liabilities under the Plans for sick leave, holiday, education, bonus, vacation, incentive compensation, and anniversary awards, provided that such liabilities are not in any event material). There have not been any "prohibited transactions" with respect to any PAHC Plan within the meaning of section 406 of ERISA or, where applicable, section 4975 of the Code, nor have there been any "reportable events" within section 4043 of ERISA nor any accumulated funding deficiency within section 302 of ERISA or section 402 of the Code. Neither PAHC nor PA Bank nor any entity under common control under section 414(b), (c), or (m) of the Code has or had any obligation to contribute to any multiemployer plan. As to each PAHC Plan that is subject to Title IV of ERISA, the value of assets of such PAHC Plan is at least equal to the present value of the vested and unvested accrued benefits in such PAHC Plan on a termination and ongoing basis, based upon applicable PBGC regulations and the actuarial methods and assumptions used in the most recent actuarial report. Except as set forth on Schedule 6.29 hereof, neither PAHC nor PA Bank has any obligation to provide retiree welfare benefits.

(e) No action, claim, or demand of any kind has been brought or threatened by any potential claimant or representative of such a claimant under any plan, contract, or arrangement referred to in subsection (a) of this section 6.29, other than routine claims for benefits in the ordinary course, where PAHC or PA Bank may be either (i) liable directly on such action, claim, or demand; or (ii) obligated to indemnify any person, group of persons, or entity with respect to such action, claim, or demand which is not fully covered by insurance maintained with reputable, responsible financial insurers or by a self-insured plan.

6.30. Compensation. Schedule 6.30 hereto contains a true and correct statement of the names, relationships with PAHC and PA Bank, present rates of compensation (whether in the form of salary, bonuses, commissions, or other supplemental compensation now or hereafter payable), and aggregate compensation for the fiscal year ended December 31, 1998 of each director, officer, or other employee of PAHC and PA Bank whose aggregate compensation for the fiscal year ended December 31, 1998 exceeded \$60,000 or whose aggregate compensation at present exceeds the rate of \$60,000 per annum. Except as set forth on Schedule 6.30 hereto, since December 31, 1998 neither PAHC nor PA Bank has changed the rate of compensation of any of its directors, officers, employees, agents, dealers, or distributors, nor has any PAHC Plan or program been instituted or amended to increase benefits thereunder. Except as set forth on Schedule 6.30 hereto, there is no contract, agreement, plan, arrangement, or understanding covering any person that, individually or collectively, could give rise to the payment of any amount that would not be deductible by PAHC or PA Bank by reason of section 280G of the Code.

6.31. Fiduciary Activities. PA Bank engages and, since January 1, 1998, has engaged in (a) no fiduciary or custodial activity that would require its qualification or registration under the laws of any jurisdiction and (b) no advisory activity that would require it to register under the Investment Advisers Act of 1940.

6.32. Environmental Liability.

(a) Except as set forth on Schedule 6.32 hereof, neither PAHC nor PA Bank is in violation of any judgment, decree, order, law, license, rule or regulation pertaining to environmental matters, including those arising under the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, the Federal Water Pollution Control Act, the Federal Clean Air Act, the Toxic Substances Control Act or any state or local statute, regulation, ordinance, order or decree relating to health, safety or the environment ("Environmental Laws").

(b) Except as set forth on Schedule 6.32 hereof, neither PAHC, PA Bank, nor, to the best of the knowledge of either of them, any borrower of PAHC or of PA Bank has received notice that it has been identified by the United States Environmental Protection Agency as a potentially responsible party under CERCLA with respect to a site listed on the National Priorities List, 40 C.F.R. Part 300 Appendix B, nor has PAHC or PA Bank or, to the best of the knowledge of either of them, any borrower of PAHC or of PA Bank received any notification that any hazardous waste, as defined by 42 U.S.C. ss. 6903(5), any hazardous substances, as defined by 42 U.S.C. ss. 9601(14), any "pollutant or contaminant," as defined by 42 U.S.C. ss. 9601(33), or any toxic substance, hazardous materials, oil, or other chemicals or substances regulated by any Environmental Laws ("Hazardous Substances") that it has disposed of has been found at any site at which a federal or state agency is conducting a remedial investigation or other action pursuant to any Environmental Law.

(c) No portion of any real property at any time owned or leased by PAHC or PA Bank (collectively, the "PAHC Real Estate") has been used by PAHC or PA Bank for the handling, processing, storage or disposal of Hazardous Substances in a manner which violates any Environmental Laws and, to the best of the knowledge of PAHC and PA Bank, no underground tank or other underground storage receptacle for Hazardous Substances is located on any of the PAHC Real Estate. In the course of its activities, neither PAHC nor PA Bank has generated or is generating any hazardous waste on any of the PAHC Real Estate in a manner which violates any Environmental Laws. There has been no past or present releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping (collectively, a "Release") of Hazardous Substances by PAHC or PA Bank on, upon, or into any of the PAHC Real Estate. In addition, to the best of the knowledge of PAHC and PA Bank, except as set forth on Schedule 6.32 hereof, there have been no such Releases on, upon, or into any real property in the vicinity of any of the PAHC Real Estate that, through soil or groundwater contamination, may be located on any of such PAHC Real Estate.

(d) With respect to any real property at any time held as collateral for any outstanding loan by PAHC or PA Bank (collectively, the "Collateral Real Estate"), except as set forth on Schedule 6.32 hereof, neither PAHC nor PA Bank has since January 1, 1988 received notice from any borrower thereof or third party, and has no knowledge, that such borrower has generated or is generating any hazardous waste on any of the Collateral Real Estate in a manner which violates any Environmental Laws or that there has been any Release of Hazardous Substances by such borrower on, upon, or into any of the Collateral Real Estate, or that there has been any Release on, upon, or into any real property in the vicinity of any of the Collateral Real Estate that, through soil or groundwater contamination, may be located on any of such Collateral Real Estate.

(e) As used in this section 6.32, each of the terms "PAHC" and "PA Bank" includes the applicable entity and any partnership or joint venture in which it or any of its subsidiaries has an interest.

6.33. Intangible Property. To the best of the knowledge of PAHC and PA Bank, each of them owns or possesses the right, free of the claims of any third party, to use all material trademarks, service marks, trade names, copyrights, patents, and licenses currently used by it in the conduct of its business. To the best of the knowledge of PAHC and PA Bank, no material product or service offered and no material trademark, service mark, or similar right

used by either of them infringes any rights of any other person, and, as of the date hereof, neither PAHC nor PA Bank has received any written or oral notice of any claim of such infringement.

6.34. Real and Personal Property. Except as set forth on Schedule 6.34 hereof, and except for property and assets disposed of in the ordinary course of business, each of PAHC and PA Bank possesses good and marketable title to and owns, free and clear of any mortgage, pledge, lien, charge, or other encumbrance or other third party interest of any nature whatsoever which would materially interfere with the business or operations of either PAHC or PA Bank, its real and personal property and other assets, including without limitation those properties and assets reflected in the PAHC Financial Statements as of September 30, 1999, or acquired by PAHC or PA Bank subsequent to the date thereof. The leases pursuant to which PAHC and PA Bank lease real or personal property as lessee are valid and effective in accordance with their respective terms; and there is not, under any such lease, any material existing default or any event which, with the giving of notice or lapse of time or otherwise, would constitute a material default. The real and personal property leased by either PAHC or PA Bank as lessee is free from any adverse claim which would materially interfere with its business or operation taken as a whole. The material properties and equipment owned or leased as lessee by PAHC and PA Bank are in normal operating condition, free from any known defects, except such minor defects as do not materially interfere with the continued use thereof in the conduct of its normal operations.

6.35. Loans, Leases, and Discounts.

(a) To the best of the knowledge of PAHC and PA Bank, each loan, lease, and discount reflected as an asset of PAHC in the PAHC Financial Statements as of September 30, 1999, or acquired since that date, is the legal, valid, and binding obligation of the obligor named therein, enforceable in accordance with its terms; and no loan, lease, or discount having an unpaid balance (principal and accrued interest) in excess of \$50,000, and no outstanding letter of credit or commitment to extend credit having a notional amount in excess of \$50,000, is subject to any asserted defense, offset, or counterclaim known to PAHC or PA Bank.

(b) Except as set forth on Schedule 6.35 hereof, neither PAHC nor PA Bank holds any loans or loan-participation interests purchased from, or participates in any loans originated by, any person other than PAHC or PA Bank.

6.36. Material Contracts. Neither PAHC nor PA Bank nor any of the assets, businesses, or operations of either of them is as of the date hereof a party to, or is bound or affected by, or receives benefits under any material agreement, arrangement, or commitment not cancelable by it without penalty, other than (a) the agreements set forth on Schedule 6.36 hereof or set forth in one or more other schedules of this Agreement, and (b) agreements, arrangements, or commitments entered into in the ordinary course of its business consistent with past practice, or, if there has been no past practice, consistent with prudent banking practices.

6.37. Employment and Severance Arrangements. Schedule 6.37 hereof sets forth

(a) all employment contracts granted by PAHC or PA Bank to any of its officers, directors, shareholders, consultants, or other management officials and any officer, director, shareholder, consultant, or management official of any affiliate providing for increased or accelerated compensation in the event of a change of control with respect to PAHC or PA Bank or any other event affecting the ownership, control, or management of PAHC or PA Bank; and

(b) all employment and severance contracts, agreements, and arrangements between PAHC or PA Bank and any officer, director, consultant, or other management official of any of them.

6.38. Material Contract Defaults. All contracts, agreements, leases, mortgages, or commitments referred to in section 6.12(c) hereof are valid and in full force and effect on the date hereof. As of the date of this Agreement and as of the Effective Time, neither PAHC nor PA Bank is or will be in default in any material respect under any material contract, agreement, commitment, arrangement, lease, insurance policy, or other instrument to which it is a party or by which its assets, business, or operations may be bound or affected or under which it or its assets, business, or operations receive benefits; and there has not occurred any event that with the lapse of time or the giving of notice or both would constitute such a default.

6.39. Capital Expenditures. Except as set forth on Schedule 6.39 hereof, neither PAHC nor PA Bank has any outstanding commitments to make capital expenditures which in the aggregate exceed \$50,000.

6.40. Repurchase Agreements. With respect to all agreements pursuant to which PAHC or PA Bank has purchased securities subject to an agreement to resell, it has a valid, perfected first lien or security interest in the securities securing the agreement, and the value of the collateral securing each such agreement equals or exceeds the amount of the debt secured by such collateral under such agreement.

6.41. Internal Controls; Year 2000 Problems.

(a) Each of PAHC and PA Bank maintains internal controls to provide reasonable assurance to its board of directors and officers that its assets are safeguarded, its records and reports are prepared in compliance with all applicable legal and accounting requirements and with its internal policies and practices, and applicable federal, state, and local laws and regulations are complied with. These controls extend to the preparation of its financial statements to provide reasonable assurance that the statements are presented fairly in conformity with generally accepted accounting principles or, in the case of PA Bank and to the extent different from generally accepted accounting principles, accounting principles mandated by the OCC. The controls contain self-monitoring mechanisms, and appropriate actions are taken on significant deficiencies as they are identified.

(b) Each of PAHC and PA Bank has reviewed the areas within its business and operations which could be adversely affected by, and has developed or is developing a program to address on a timely basis the risk that certain computer applications used by it or by any of its major suppliers may be unable to recognize and perform properly date-sensitive functions involving dates prior to and after December 31, 1999 and prior to and after February 28, 2000 (the "Year 2000 Problem"). The Year 2000 Problem will not result, and is not reasonably expected to result, in any Material Adverse Effect on PAHC or PA Bank.

6.42. Dividends. Neither PAHC nor PA Bank has paid any dividend to its shareholders which caused its regulatory capital to be less than the amount then required by applicable law, or which exceeded any other limitation on the payment of dividends imposed by law, agreement, or regulatory policy.

6.43. Brokers and Advisers. Except as set forth on Schedule 6.43 hereof, (a) there are no claims for brokerage commissions, finder's fees, or similar compensation arising out of or due to any act of PAHC or PA Bank in connection with the transactions contemplated by this Agreement or based upon any agreement or arrangement made by or on behalf of PAHC or PA Bank, and (b) neither PAHC nor PA Bank has entered into any agreement or understanding with any party relating to financial advisory services provided or to be provided with respect to the transactions contemplated by this Agreement.

6.44. Interest Rate Risk Management Instruments.

(a) Schedule 6.44 contains a true, correct, and complete list of all interest-rate swaps, caps, floors, and options agreements and other interest-rate risk management arrangements to which PAHC or PA Bank is a party or by which any of its properties or assets may be bound.

(b) All interest rate swaps, caps, floors, and option agreements and other interest rate risk management arrangements to which PAHC or PA Bank is a party or by which any of its properties or assets may be bound were entered into in the ordinary course of its business and, to the best of its knowledge, in accordance with prudent banking practice and applicable rules, regulations, and regulatory policies and with counterparties believed to be financially responsible at the time and are legal, valid, and binding obligations enforceable in accordance with their terms (except as may be limited by bankruptcy, insolvency, moratorium, reorganization, or similar laws affecting the rights of creditors generally and the availability of equitable remedies), and are in full force and effect. PAHC and PA Bank have duly performed in all material respects of all of their respective obligations thereunder to the extent that such obligations to perform have accrued; and to the best of the knowledge of PAHC and PA Bank, there are no breaches, violations or defaults or allegations or assertions of such by any party thereunder.

6.45. Accounting Treatment. PAHC is aware of no reason why the Merger will fail to qualify for "pooling of interests" accounting treatment.

6.46. COBRA Matters. Schedule 6.46 sets forth the name, address, telephone number, social security number, and date of Qualifying Event (as defined in section 603 of ERISA) of each individuals covered under a group health plan that is subject to section 601 of ERISA and sponsored by PAHC or PA Bank or any of their subsidiaries who have experienced a Qualifying Event since June 7, 1998, together with documentation of compliance by PAHC or PA Bank, as the case may be, with applicable notice requirements.

6.47. Disclosure. No representation or warranty hereunder and no certificate, statement, or other document delivered by PAHC or PA Bank hereunder or in connection with this Agreement or any of the transactions contemplated thereunder contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading. There is no fact known to PAHC which reasonably might have a Material Adverse Effect on PAHC or PA Bank which has not been disclosed in the PAHC Financial Statements or a certificate or other document delivered to NBTB by PAHC. All copies of documents delivered to NBTB by PAHC under this Agreement are true, correct, and complete copies thereof and include all amendments, supplements, and modifications thereto and all waivers thereunder.

6.48. Regulatory and Other Approvals. As of the date hereof, PAHC is not aware of any reason why all material consents and approvals shall not be procured from all regulatory agencies having jurisdiction over the transactions contemplated by this Agreement, as shall be necessary for (a) consummation of the transactions contemplated by this Agreement, and (b) the continuation after the Effective Time of the business of PAHC and PA Bank as such business is carried on immediately prior to the Effective Time, free of any conditions or requirements which, in the reasonable opinion of PAHC, could have a Material Adverse Effect on PAHC. As of the date hereof, PAHC is not aware of any reason why all material consents and approvals shall not be procured from all other persons and entities whose consent or approval shall be necessary for (y) consummation of the transactions contemplated by this Agreement, or (z) the continuation after the Effective Time of the business of PAHC and PA Bank as such business is carried on immediately prior to the Effective Time.

7. COVENANTS OF PAHC.

PAHC covenants and agrees as follows:

7.1. Rights of Access. In addition and not in limitation of any other rights of access provided to NBTB herein, until the Effective Time PAHC and PA Bank will give to NBTB and to its representatives, including its certified public accountants, KPMG, full access during normal business hours to all of the property, documents,

contracts, books, and records of PAHC and PA Bank, and such information with respect to their business affairs and properties as NBTB from time to time may reasonably request.

7.2. Monthly and Quarterly Financial Statements; Minutes of Meetings and Other Materials.

(a) PAHC and PA Bank will continue to prepare all of the monthly and quarterly financial statements and financial reports to regulatory authorities for the months and quarterly periods ending between October 1, 1999 and the Effective Time which it customarily prepared during the period between January 1, 1996 and September 30, 1999 and shall promptly provide NBTB with copies of all such financial statements and reports. All of such financial statements and reports, including the related notes, schedules, and memorandum items, will have been prepared in accordance with generally accepted accounting principles consistently applied in all material respects (except that Call Reports may be prepared in accordance with the official instructions applicable thereto at the time of filing).

(b) PAHC and PA Bank shall promptly provide NBTB with (i) copies of all of its periodic reports to directors and to shareholders, whether or not such reports were prepared or distributed in connection with a meeting of the board of directors or a meeting of the shareholders, prepared or distributed between the date of this Agreement and the Effective Time, and (ii) complete copies of all minutes of meetings of its board of directors and shareholders which meetings take place between the date of this Agreement and the Effective Time, certified by the secretary or cashier or an assistant secretary or assistant cashier of PAHC or PA Bank, as the case may be.

(c) From the date of this Agreement to the Effective Time, PAHC shall, contemporaneously with its filing with the SEC of any periodic or current report pursuant to section 13 of the Exchange Act, deliver a copy of such report to NBTB.

7.3. Extraordinary Transactions. Without the prior written consent of NBTB, neither PAHC nor PA Bank will, on or after the date of this Agreement: (a) subject to section 7.9, declare or pay any cash dividends or property dividends with respect to any class of its capital stock, with the exception of (i) subject to the dividend-coordination provisions of section 7.9 of this Agreement, customary periodic cash dividends paid by PAHC to holders of its common stock in amounts not exceeding \$0.20 per share per calendar quarter and at intervals that are not shorter than past practice, and (ii) customary cash dividends paid by PA Bank whose amounts have not exceeded past practice and at intervals that are not shorter than past practice; (b) declare or distribute any stock dividend, authorize a stock split, or authorize, issue or make any distribution of its capital stock or any other securities (except for issuances of PAHC Common Stock upon exercise of stock options outstanding on the date of this Agreement), or grant any options to acquire such additional securities; (c) either (i) merge into, consolidate with, or sell or otherwise dispose of its assets to any other corporation or person, or enter into any other transaction or agree to effect any other transaction not in the ordinary course of its business except as explicitly contemplated herein, or (ii) engage in any discussions concerning such a possible transaction except as explicitly contemplated herein unless the board of directors of PAHC, based upon the advice of Blank Rome Comisky & McCauley LLP, determines in good faith that such action is required for the board of directors to comply with its fiduciary duties to stockholders imposed by law; (d) convert the charter or form of entity of PA Bank from that in existence on the date of this Agreement to any other charter or form of entity; (e) make any direct or indirect redemption, purchase, or other acquisition of any of its capital stock; (f) except in the ordinary course of its business or to accomplish the transactions contemplated by this Agreement, incur any liability or obligation, make any commitment or disbursement, acquire or dispose of any property or asset, make any contract or agreement, pay or become obligated to pay any legal, accounting, or miscellaneous other expense, or engage in any transaction; (g) other than in the ordinary course of business, subject any of its properties or assets to any lien, claim, charge, option, or encumbrance; (h) enter into or assume any one or more commitments to make capital expenditures, any of which individually exceeds \$20,000 or which in the aggregate exceed \$50,000; (i) except for increases in the ordinary course of business in accordance with past practices, which together with all other compensation rate increases do not exceed 4.5 percent per annum of the

aggregate payroll as of September 30, 1999, and except as explicitly contemplated by this Agreement, increase the rate of compensation of any employee or enter into any agreement to increase the rate of compensation of any employee; (j) except as otherwise required by law, create or modify any pension or profit sharing plan, bonus, deferred compensation, death benefit, or retirement plan, or the level of benefits under any such plan, nor increase or decrease any severance or termination pay benefit or any other fringe benefit; (k) enter into any employment or personal services contract with any person or firm, including without limitation any contract, agreement, or arrangement described in section 6.37(a) hereof, except directly to facilitate the transactions contemplated by this Agreement; nor (l) purchase any loans or loan-participation interests from, or participate in any loans originated by, any person other than PAHC or PA Bank.

7.4. Preservation of Business. Each of PAHC and PA Bank will (a) carry on its business and manage its assets and properties diligently and substantially in the same manner as heretofore; (b) maintain the ratio of its loans to its deposits at approximately the same level as existed at September 30, 1999, as adjusted to allow for seasonal fluctuations of loans and deposits of a kind and amount experienced traditionally by it; (c) manage its investment portfolio in substantially the same manner and pursuant to substantially the same investment policies as in 1997 and 1998, and will take no action to change to any material extent the percentage which its investment portfolio bears to its total assets, or to lengthen to any material extent the average maturity of its investment portfolio, or of any significant category thereof; (d) use commercially reasonable efforts to continue in effect its present insurance coverage on all properties, assets, business, and personnel; (e) use commercially reasonable efforts to preserve its business organization intact, to keep available its present employees, and to preserve its present relationships with customers and others having business dealings with it; (f) not do anything and not fail to do anything which will cause a breach of or default in any contract, agreement, commitment, or obligation to which it is a party or by which it may be bound; (g) conduct its affairs so that at the Effective Time none of its representations and warranties will be inaccurate, none of its covenants and agreements will be breached, and no condition in this Agreement will remain unfulfilled by reason of its actions or omissions; and (h) not amend its articles of incorporation or bylaws.

7.5. Comfort Letter. At the time of the effectiveness of the Registration Statement, but prior to the mailing of the Joint Proxy Statement, and on the date of the Effective Time, PAHC shall furnish NBTB with a letter from KPMG LLP, in its capacity as the independent auditors of PAHC, in form and substance acceptable to NBTB, stating that (a) they are independent accountants with respect to PAHC within the meaning of the Securities Act and the published rules and regulations thereunder, (b) in their opinion the consolidated financial statements of PAHC included in the Registration Statement comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the published rules and regulations thereunder, and (c) a reading of the latest available unaudited consolidated financial statements of PAHC and unaudited financial statements of PA Bank and inquiries of certain officials of PAHC and PA Bank responsible for financial and accounting matters as to transactions and events since the date of the most recent consolidated statement of condition included in their most recent audit report with respect to PAHC did not cause them to believe that (i) such latest available unaudited consolidated financial statements of PAHC are not stated on a basis consistent with that followed in PAHC's audited consolidated financial statements; or (ii) except as disclosed in the letter, at a specified date not more than five business days prior to the date of such letter, there was any change in PAHC's capital stock or any change in consolidated long-term debt or any decrease in the consolidated net assets of PAHC or the consolidated allowance for loan and lease losses of PAHC as compared with the respective amounts shown in the most recent PAHC audited consolidated financial statements. The letter shall also cover such other matters pertaining to PAHC's and PA Bank's financial data and statistical information included in the Registration Statement as may reasonably be requested by NBTB.

7.6. Affiliates' Agreements.

(a) PAHC will furnish to NBTB (i) a list of all persons known to PAHC who at the date of this Agreement and (ii) if different from the list required by section 7.6(a)(i), a list of all persons known to PAHC

who at the date of PAHC's special meeting of shareholders to vote upon the transactions contemplated by this Agreement may be deemed to be "affiliates" of PAHC within the meaning of Rule 145 under the Securities Act and for purposes of qualifying the Merger for "pooling of interests" accounting treatment.

(b) PAHC will use commercially reasonable efforts to cause each such "affiliate" of PAHC to deliver to NBTB on or before the date of this Agreement (or, in the case of any person who becomes an "affiliate" of PAHC after the date of this Agreement, not later than ten days after such person becomes an "affiliate" of PAHC) an Affiliates Agreement.

7.7. Pooling Treatment.

(a) PAHC will take no action that would prevent or impede the Merger from qualifying for "pooling of interests" accounting treatment or KPMG from delivering the Pooling Letters.

(b) PAHC shall deliver to KPMG such certificates or representations as KPMG may reasonably request to enable it to deliver the Pooling Letters.

7.8. Shareholders' Meeting. PAHC shall hold a meeting of its shareholders in accordance with the BCL as promptly as possible after the effectiveness of the Registration Statement, after at least twenty days' prior written notice thereof to the shareholders of PAHC, to consider and vote upon the adoption of this Agreement. Subject to its fiduciary duty to shareholders, the board of directors of PAHC shall approve this Agreement and recommend to its shareholders that it be adopted.

7.9. Dividend Coordination. After the date of this Agreement, each of NBTB and PAHC shall coordinate with the other the declaration of any dividends in respect of NBTB Common Stock and PAHC Common Stock and the record dates and payment dates relating thereto, it being the intention of the parties hereto that holders of PAHC Common Stock shall not receive two dividends, or fail to receive one dividend, for any quarter with respect to their shares of PAHC Common Stock and any shares of NBTB Common Stock any such holder receives in exchange therefor in the Merger.

7.10. Inconsistent Activities.

(a) Subject to subsection (b) of this section 7.10, unless and until the Merger has been consummated or this Agreement has been terminated in accordance with its terms, neither PAHC nor PA Bank will (a) solicit or encourage, directly or indirectly, any inquiries or proposals (each an "Alternative Proposal") to acquire more than 1 percent of the PAHC Common Stock or any capital stock of PA Bank or any significant portion of the assets of either of them (whether by tender offer, merger, purchase of assets, or other transactions of any type) (each an "Alternative Transaction"); (b) afford any third party which may be considering an Alternative Proposal or Alternative Transaction access to its properties, books or records except as required by mandatory provisions of law; (c) enter into any discussions or negotiations for, or enter into any agreement or understanding which provides for, any Alternative Transaction, or (d) authorize or permit any of its directors, officers, employees or agents to do or permit any of the foregoing. If PAHC or PA Bank becomes aware of any Alternative Proposal or of any other matter which could adversely affect this Agreement or the Merger, PAHC and PA Bank shall immediately give notice thereof to NBTB.

(b) Nothing contained in subsection (a) of this section 7.10 shall prohibit the board of directors of PAHC from furnishing information to or entering into discussions or negotiations with any person that makes an unsolicited bona fide Alternative Proposal if, and only to the extent that, (i) the board of directors of the Company, based upon the advice of Blank Rome Comisky & McCauley LLP, determines in good faith that such action is required for the board of directors to comply with its fiduciary duties to stockholders imposed by law, (ii)

prior to furnishing such information to, or entering into discussions or negotiations with, such person, PAHC provides written notice to NBTB to the effect that it is furnishing information to, or entering into discussions or negotiations with, such person, and (iii) PAHC keeps NBTB informed of the status and all material information with respect to any such discussions or negotiations.

(c) Nothing in subsection (b) of this section 7.10 or in subsection (c) of section 7.3 of this Agreement shall (i) permit PAHC to terminate this Agreement (except as specifically provided in section 11.1 or 11.2 of this Agreement), (ii) permit PAHC or PA Bank to enter into any agreement with respect to an Alternative Transaction for as long as this Agreement remains in effect (it being agreed that for as long as this Agreement remains in effect, PAHC and PA Bank shall not enter into any agreement with any person that provides for, or in any way facilitates, an Alternative Transaction (other than a confidentiality agreement in customary form)), or (iii) affect any other obligation of PAHC or PA Bank under this Agreement.

7.11. COBRA Obligations. For all individuals covered under a group health plan that is subject to section 601 of ERISA and sponsored by PAHC or PA Bank or any of their subsidiaries, and who experience a Qualifying Event (as defined in section 603 of ERISA) within thirty days of the date of this Agreement, PAHC or PA Bank, as the case may be, shall remain responsible for providing all notices and election forms necessary to comply with ERISA and the Code, and will take all steps necessary to implement elections pursuant to such notices.

7.12. Updated Schedules. Not less than fifteen business days prior to the Effective Time and as of the Effective Time, PAHC will deliver to NBTB any updates to the schedules to its representations which may be required to disclose events or circumstances arising after the date hereof. Such schedules shall be updated only for the purpose of making the representations and warranties contained in this Agreement to which such part of such schedules relate true and correct in all material respects as of the date such schedule is updated, and the updated schedule shall not have the effect of making any representation or warranty contained in this Agreement true and correct in all material respects as of a date prior to the date of such updated schedule. For purposes of determining whether the condition set forth in section 4.1 to NBTB's obligations have been met, any such updated schedules delivered to NBTB shall be disregarded unless NBTB shall have agreed to accept any changes reflected in such updated schedules.

7.13. Subsequent Events. Until the Effective Time, PAHC will immediately advise NBTB in a detailed written notice of any fact or occurrence or any pending or threatened occurrence of which it obtains knowledge and which (if existing and known at the date of the execution of this Agreement) would have been required to be set forth or disclosed in or pursuant to this Agreement which (if existing and known at any time prior to or at the Effective Time) would make the performance by PAHC of a covenant contained in this Agreement impossible or make such performance materially more difficult than in the absence of such fact or occurrence, or which (if existing and known at the time of the Effective Time) would cause a condition to NBTB's obligations under this Agreement not to be fully satisfied.

8. REPRESENTATIONS AND WARRANTIES OF NBTB.

NBTB represents and warrants to PAHC as follows:

8.1. Organization, Powers, and Qualification. NBTB is a corporation which is duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation and has all requisite corporate power and authority to own and operate its properties and assets, to lease properties used in its business, and to carry on its business as now conducted. NBTB owns or possesses in the operation of its business all franchises, licenses, permits, branch certificates, consents, approvals, waivers, and other authorizations, governmental or otherwise, which are necessary for it to conduct its business as now conducted, except for those where the failure of such

ownership or possession would not have a Material Adverse Effect on NBTB. NBTB is duly qualified and licensed to do business and is in good standing in every jurisdiction with respect to which the failure to be so qualified or licensed could result in a Material Adverse Effect on NBTB.

8.2. Execution and Performance of Agreement. Provided that prior to the Effective Time the shareholders of NBTB approve the Share Increase Amendment and an appropriate Certificate of Amendment is filed with the Delaware Secretary of State reflecting such approval, NBTB has all requisite corporate power and authority to execute and deliver this Agreement and to perform its respective terms.

8.3. Binding Obligations; Due Authorization. This Agreement constitutes the valid, legal, and binding obligations of NBTB enforceable against it in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, moratorium or similar law, or by general principles of equity. The execution, delivery, and performance of this Agreement and the transactions contemplated thereby have been duly and validly authorized by the board of directors of NBTB. No other corporate proceedings on its part are necessary to authorize this Agreement or the carrying out of the transactions contemplated hereby.

8.4. Absence of Default. Provided that prior to the Effective Time the shareholders of NBTB approve the Share Increase Amendment and an appropriate Certificate of Amendment is filed with the Delaware Secretary of State reflecting such approval, none of the execution or the delivery of this Agreement, the consummation of the transactions contemplated hereby, or the compliance with or fulfillment of the terms hereof will conflict with, or result in a breach of any of the terms, conditions, or provisions of, or constitute a default under the organizational documents or bylaws of NBTB. None of such execution, consummation, or fulfillment will (a) conflict with, or result in a material breach of the terms, conditions, or provisions of, or constitute a material violation, conflict, or default under, or give rise to any right of termination, cancellation, or acceleration with respect to, or result in the creation of any lien, charge, or encumbrance upon, any of the property or assets of NBTB pursuant to any material agreement or instrument under which it is obligated or by which any of its properties or assets may be bound, including without limitation any material lease, contract, mortgage, promissory note, deed of trust, loan, credit arrangement or other commitment or arrangement of it in respect of which it is an obligor, or (b) if the Merger is approved by the Board of Governors under the BHC Act, or if the Board of Governors waives its jurisdiction over the Holding Company Merger, and if the Bank Merger is approved by the OCC, and if the transactions contemplated by this Agreement are approved by the Department, violate any law, statute, rule, or regulation of any government or agency to which NBTB is subject and which is material to its operations, or (c) violate any judgment, order, writ, injunction, decree, or ruling to which it or any of its properties or assets is subject or bound. None of the execution or delivery of this Agreement, the consummation of the transactions contemplated hereby, or the compliance with or fulfillment of the terms hereof will require any authorization, consent, approval, or exemption by any person which has not been obtained, or any notice or filing which has not been given or done, other than approval of the transactions contemplated by this Agreement by, notices to, or filings with by the Board of Governors, the OCC, the SEC, state securities commissions, the Department, the Secretary of State of the State of Delaware, and the Secretary of State of the Commonwealth of Pennsylvania.

8.5. Capital Structure.

(a) The authorized capital stock of NBTB as of the date of this Agreement consists of (i) 2,500,000 shares of preferred stock, no par value, stated value \$1.00 per share ("NBTB Preferred Stock"), of which, as of the date of this Agreement, no shares are issued or outstanding, and (ii) 15,000,000 shares of NBTB Common Stock, of which, as of the date of this Agreement, 12,440,384 shares have been duly issued and are validly outstanding and fully paid, and 575,405 additional shares are issued and held in the treasury of NBTB. The aforementioned shares of NBTB Preferred Stock and NBTB Common Stock are the only voting securities of NBTB authorized, issued, or outstanding as of such date.

(b) None of the shares of NBTB Common Stock has been issued in violation of the preemptive rights of any shareholder.

(c) As of the date hereof, to the best of the knowledge of NBTB, and except for this Agreement, there are no shareholder agreements, or other agreements, understandings, or commitments relating to the right of any holder or beneficial owner of more than 1 percent of the issued and outstanding shares of any class of the capital stock of NBTB to vote or to dispose of his, her or its shares of capital stock of NBTB.

8.6. Books and Records. The books and records of each of NBTB and NBT Bank fairly reflect the transactions to which it is a party or by which its properties are subject or bound. Such books and records have been properly kept and maintained and are in compliance in all material respects with all applicable accounting and legal requirements. Each of NBTB and NBT Bank follows generally accepted accounting principles applied on a consistent basis in the preparation and maintenance of its books of account and financial statements, including but not limited to the application of the accrual method of accounting for interest income on loans, leases, discounts, and investments, interest expense on deposits and all other liabilities, and all other items of income and expense. Each of NBTB and NBT Bank has made all accruals in amounts which accurately report income and expense in the proper periods in accordance with generally accepted accounting principles. Each of NBTB and NBT Bank has filed all material reports and returns required by any law or regulation to be filed by it.

8.7. Financial Statements. NBTB has furnished to PAHC its consolidated audited statement of condition as of each of December 31, 1996, December 31, 1997, and December 31, 1998, and its related audited consolidated statement of income, consolidated statement of cash flows, and consolidated statement of changes in stockholders' equity for each of the periods then ended, and the notes thereto, and its consolidated unaudited statement of condition as of September 30, 1999, and its related unaudited consolidated statement of income, consolidated statement of cash flows, and consolidated statement of changes in stockholders' equity for the period then ended, and the notes thereto, each as filed with the SEC (collectively, the "NBTB Financial Statements"). All of the NBTB Financial Statements, including the related notes, (a) except as indicated in the notes thereto, were prepared in accordance with generally accepted accounting principles consistently applied in all material respects (subject, in the case of unaudited statements, to recurring audit adjustments normal in nature and amount), and (b) are in accordance with the books and records of NBTB, (c) fairly reflect the consolidated financial position of NBTB as of such dates, and the consolidated results of operations of NBTB for the periods ended on such dates, and do not fail to disclose any material extraordinary or out-of-period items, and (d) reflect, in accordance with generally accepted accounting principles consistently applied in all material respects, adequate provision for, or reserves against, the consolidated loan losses of NBTB as of such dates.

8.8. Nasdaq Reporting. Trading of NBTB Common Stock is reported on the Nasdaq National Market.

8.9. Absence of Certain Developments. Since September 30, 1999, there has been (a) no Material Adverse Effect with respect to NBTB, and (b) no material deterioration in the quality of the loan portfolio of NBTB or of any major component thereof, and no material increase in the level of nonperforming assets or nonaccrual loans at NBTB or in the level of its provision for credit losses or its reserve for credit losses.

8.10. Brokers and Advisers. Other than with respect to MB&D, (a) there are no claims for brokerage commissions, finder's fees, or similar compensation arising out of or due to any act of NBTB in connection with the transactions contemplated by this Agreement or based upon any agreement or arrangement made by or on behalf of NBTB, and (b) NBTB has not entered into any agreement or understanding with any party relating to financial advisory services provided or to be provided with respect to the transactions contemplated by this Agreement.

8.11. Disclosure. No representation or warranty hereunder and no certificate, statement, or other document delivered by NBTB hereunder or in connection with this Agreement or any of the transactions contemplated

thereunder contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading. There is no fact known to NBTB which might materially adversely affect its business, assets, liabilities, financial condition, results of operations, or prospects which has not been disclosed in the NBTB Financial Statements or a certificate or other document delivered by NBTB to PAHC. Copies of all documents delivered to PAHC by NBTB under this Agreement are true, correct, and complete copies thereof and include all amendments, supplements, and modifications thereto and all waivers thereunder.

8.12. Regulatory and Other Approvals. As of the date hereof, NBTB is not aware of any reason why all material consents and approvals shall not be procured from all regulatory agencies having jurisdiction over the transactions contemplated by this Agreement, as shall be necessary for (a) consummation of the transactions contemplated by this Agreement, and (b) the continuation after the Effective Time of the business of NBTB as such business is carried on immediately prior to the Effective Time, free of any conditions or requirements which, in the reasonable opinion of NBTB, could have a Material Adverse Effect on NBTB. As of the date hereof, NBTB is not aware of any reason why all material consents and approvals shall not be procured from all other persons and entities whose consent or approval shall be necessary for (y) consummation of the transactions contemplated by this Agreement, or (z) the continuation after the Effective Time of the business of NBTB as such business is carried on immediately prior to the Effective Time.

9. COVENANTS OF NBTB.

NBTB covenants and agrees as follows:

9.1. Rights of Access. From the date hereof to the Effective Time, NBTB shall give to PAHC and to its representatives, including its certified public accountants, KPMG LLP, full access during normal business hours to all of the property, documents, contracts, books, and records of NBTB, and such information with respect to their business affairs and properties as PAHC from time to time may reasonably request.

9.2. Securities Reports. From the date hereof to the Effective Time, NBTB shall, contemporaneously with the filing with the SEC of any periodic or current report pursuant to section 13 of the Exchange Act, deliver a copy of such report to PAHC.

9.3. Shareholders' Meeting. NBTB shall hold a meeting of its shareholders in accordance with the GCL as promptly as possible after the effectiveness of the Registration Statement, after at least twenty days' prior written notice thereof to the shareholders of NBTB, to consider and vote upon this Agreement, it being agreed, however, that nothing in this Agreement shall require NBTB to hold a special meeting of its shareholders within the thirty-day period prior to its 2000 annual meeting of shareholders if NBTB proposes for the consideration of its shareholders at such annual meeting that the issuance of shares of NBTB Common Stock pursuant to this Agreement be approved and that this Agreement be ratified. Subject to its fiduciary duty to shareholders, the board of directors of NBTB shall recommend to its shareholders that the issuance of shares of NBTB Common Stock pursuant to this Agreement be approved and that this Agreement be ratified.

9.4. Nasdaq Approval. NBTB shall use its commercially reasonable efforts to cause the shares of NBTB Common Stock to be issued in the Merger to be approved for inclusion on the Nasdaq National Market, subject to official notice of issuance, prior to the Effective Time.

9.5. Options. At or prior to the Effective Time, NBTB shall take all corporate action necessary to reserve for issuance a sufficient number of shares of NBTB Common Stock for delivery upon exercise of options to purchase PAHC Common Stock assumed by it in accordance with section 1.11 hereof. NBTB shall use commercially

reasonable efforts to maintain the effectiveness of the registration statement that pertains to the shares subject to such options (and maintain the current status of the prospectus or prospectuses contained therein) for so long as such options remain outstanding. NBTB shall at and after the Effective Time have reserved sufficient shares of NBTB Common Stock for issuance with respect to such options. NBTB shall also take any action required to be taken under any applicable state blue sky or securities laws in connection with the issuance of such shares.

9.6. Indemnification of Directors and Officers. Following the Effective Time NBTB will take no action to abrogate or diminish any right accorded under the articles of incorporation or by-laws of PAHC as they existed immediately prior to the Effective Time to any person who, on or prior to the Effective Time, was a director or officer of PAHC to indemnification from or against losses, expenses, claims, demands, damages, liabilities, judgments, fines, penalties, costs, expenses (including without limitation reasonable attorneys fees) and amounts paid in settlement pertaining to or incurred in connection with any threatened or actual action, suit, claim, or proceeding (whether civil, criminal, administrative, arbitration, or investigative) arising out of events, matters, actions, or omissions occurring on or prior to the Effective Time. To the extent not provided by the foregoing, following the Effective Time and to the extent permitted by law, all rights to such indemnification accorded under the articles of incorporation and by-laws of PAHC to any person who, on or prior to the Effective Time, was a director or officer of PAHC shall survive the Effective Time and, following the Merger, to the extent permitted by law, NBTB will honor such obligations in accordance with their terms with respect to events, acts, or omissions occurring prior to the Effective Time.

9.7. Subsequent Events. Until the Effective Time, NBTB will immediately advise PAHC in a detailed written notice of any fact or occurrence or any pending or threatened occurrence of which it obtains knowledge and which (if existing and known at the date of the execution of this Agreement) would have been required to be set forth or disclosed in or pursuant to this Agreement which (if existing and known at any time prior to or at the Effective Time) would make the performance by NBTB of a covenant contained in this Agreement impossible or make such performance materially more difficult than in the absence of such fact or occurrence, or which (if existing and known at the time of the Effective Time) would cause a condition to PAHC's obligations under this Agreement not to be fully satisfied.

10. CLOSING.

10.1. Place and Time of Closing. Closing shall take place at the principal executive offices of NBTB or at such other place as the parties choose, commencing at 9:00 a.m., local time, on the date of the Effective Time, provided that all conditions precedent to the obligations of the parties hereto to close have then been met or waived.

10.2. Events To Take Place at Closing. At the Closing, the following actions will be taken:

(a) Such certificates and other documents as are required by this Agreement to be executed and delivered at or prior to the Effective Time and have not been so executed and delivered, and such other certificates and documents as are mutually deemed by the parties to be otherwise desirable for the effectuation of the Closing, will be so executed and delivered; and then

(b) the First Merger and the issuance of shares incident thereto shall be effected; provided, however, that the administrative and ministerial aspects of the issuance of shares incident to the Merger will be settled as soon thereafter as shall be reasonable under the circumstances; and then

(c) the Second Merger and the Bank Merger shall be effected.

11. TERMINATION, DAMAGES FOR BREACH, WAIVER, AND AMENDMENT.

11.1. Termination by Reason of Lapse of Time. This Agreement may be terminated by any party on or after July 31, 2000, by instrument duly authorized and executed and delivered to the other parties, unless (a) the Effective Time shall have occurred on or before such date or (b) the failure of the Effective Time to have occurred on or before such date has been due to the failure of the party seeking to terminate this Agreement to perform or observe its covenants and agreements as set forth herein.

11.2. Grounds for Termination. This Agreement may be terminated by written notice of termination at any time before the Effective Time (whether before or after action by shareholders of PAHC or NBTB):

(a) by mutual consent of the parties hereto;

(b) by NBTB, upon written notice to PAHC given at any time (i) if any of the representations and warranties of PAHC contained in section 6 hereof was materially incorrect when made, or (ii) in the event of a material breach or material failure by PAHC of any covenant or agreement of PAHC contained in this Agreement which has not been, or cannot be, cured within thirty days after written notice of such breach or failure is given to PAHC, and which inaccuracy, breach, or failure, if continued to the Effective Time, would result in any condition set forth in section 4 hereof not being satisfied;

(c) by PAHC, upon written notice to NBTB given at any time (i) if any of the representations and warranties of NBTB contained in section 8 hereof was materially incorrect when made, or (ii) in the event of a material breach or material failure by NBTB of any covenant or agreement of NBTB contained in this Agreement which has not been, or cannot be, cured within thirty days after written notice of such breach or failure is given to NBTB, and which inaccuracy, breach, or failure, if continued to the Effective Time, would result in any condition set forth in section 4 hereof not being satisfied or (iii) if the board of directors of PAHC, based upon the advice of Blank Rome Comisky & McCauley LLP, determines in good faith that such termination is required for the board of directors to comply with its fiduciary duties to stockholders imposed by law by reason of an Alternative Proposal being made; provided that PAHC shall notify NBTB promptly of its intention to terminate this Agreement or enter into a definitive agreement with respect to any Alternative Proposal, but in no event shall such notice be given less than 48 hours prior to the public announcement of PAHC's termination of this Agreement;

(d) by PAHC, in accordance with the following provisions:

(i) at any time during the three-business-day period beginning on the Determination Date, if both of the following conditions are satisfied, subject, however, to subsection 11.2(d)(ii):

(A) The Average Closing Price is less than \$15.00; and

(B) The number, expressed as a percentage, obtained by dividing the Average Closing Price by \$16.75 is more than 15 percentage points less than the Index Differential.

(ii) If PAHC chooses to exercise its right pursuant to this section 11.2(d), it shall give immediate written notice thereof to NBTB. During the three-business-day period commencing with receipt of such notice, NBTB shall have the option to agree that the Exchange Ratio shall be 1.805 times \$15.00 divided by the Average Closing Price. If NBTB so elects within such three-business-day period, it shall give immediate written notice thereof to PAHC, whereupon no termination shall have occurred pursuant to this section 11.2(d) and this Agreement shall remain in effect in accordance with its terms (except that the Exchange Ratio shall be 1.805 times \$15.00 divided by the Average Closing Price).

(iii) Definitions. The following terms used in this section 11.2(d) shall have the meanings set forth in this Subparagraph (iii).

(A) Determination Date. The seventh business day preceding the Effective Time.

(B) Index Price. For any member of the Index Group, the Average Closing Price calculated using, instead of NBTB Common Stock, the common stock of that member of the Index Group.

(C) Index Differential. The sum of the respective numbers (expressed as percentages), for each of the members of the Index Group, obtained by multiplying the weighting (as set forth in section 11.2(d)(iii)(D)) of that member of the Index Group times the quotient of the Index Price for that member of the Index Group divided by the Base Price (as set forth in section 11.2(d)(iii)(D)) for that member of the Index Group.

(D) Index Group. The twenty companies listed below, the common stock of all of which shall be publicly traded and as to which there shall not have been a publicly announced proposal between the day before the date of the execution of this Agreement and the Determination Date for any such company to be Acquired. In the event that the common stock of any such company ceases to be publicly traded or a proposal to Acquire that company is announced between the day before the date of the execution of this Agreement and the Determination Date, such company will be removed from the Index Group, and the weights attributed to the remaining companies will be adjusted proportionately for purposes of determining the Index Price. The twenty companies and the weights attributed to them are as follows:

Company	Weighting	Base Price
Arrow Financial Corporation, Glens Falls, NY	4.051%	\$20.2500
BSB Bancorp, Inc., Binghamton, NY	5.622%	\$20.9375
BT Financial Corporation, Johnstown, PA	9.340%	\$22.3750
CCBT Bancorp, Inc., Hyannis, MA	3.532%	\$15.1250
Century Bancorp, Inc., Medford, MA	1.589%	\$16.8750
Community Bank System, Inc., Dewitt, NY	4.796%	\$25.5625
Community Banks, Inc., Millersburg, PA	4.020%	\$22.4375
F&M Bancorp, Frederick, MD	5.810%	\$23.6250
Granite State Bankshares, Inc., Keene, NH	3.325%	\$21.8750
Harleysville National Corporation, Harleysville, PA	6.706%	\$32.2500
Independent Bank Corp., Rockland, MA	4.922%	\$13.3750
National Penn Bancshares, Inc., Boyertown, PA	12.082%	\$25.8750
Sandy Spring Bancorp, Inc., Olney, MD	6.765%	\$26.7500
State Bancorp, Inc., New Hyde Park, NY	2.805%	\$13.3125
Sterling Bancorp, New York, NY	3.810%	\$18.1250
Suffolk Bancorp, Riverhead, NY	4.350%	\$27.3125
Sun Bancorp, Inc., Vineland, NJ	3.010%	\$11.3750
U.S.B. Holding Co., Inc., Orangeburg, NY	6.282%	\$15.0625
Washington Trust Bancorp, Inc., Westerly, RI	5.095%	\$17.8125
Yardville National Bancorp, Mercerville, NJ	2.088%	\$12.0000

	100.000 %	
	=====	

(E) Acquire. A company within the Index Group is deemed to have been "Acquired" in any combination in which, immediately thereafter, its equity holders do not control more than 50 percent of the equity of the entity resulting from the combination;

(e) by either NBTB or PAHC upon written notice given to the other if the board of directors of either NBTB or PAHC shall have determined in its sole judgment made in good faith, after due consideration and consultation with counsel, that the Merger has become inadvisable or impracticable by reason of the institution of litigation by the federal government or the government of the State of New York or the Commonwealth of Pennsylvania to restrain or invalidate the transactions contemplated by this Agreement;

(f) by either NBTB or PAHC upon written notice given to the other if any of the approvals referred to in section 3.1 (other than approvals that relate solely to the Bank Merger) are denied and such denial has become final and nonappealable;

(g) by either NBTB or PAHC upon written notice given to the other if (i) the shareholders of either NBTB or PAHC shall have voted on and failed to adopt this Agreement, at the meeting of such shareholders called for such purpose, or (ii) the shareholders of NBTB shall have voted on and failed to approve the Share Increase Amendment; or

(h) by either NBTB or PAHC upon written notice given to the other if NBTB shall have been advised by KPMG that KPMG is unable to deliver its favorable opinion under section 4.10 of this Agreement due to the action of a party or one or more of the affiliates, directors, officers, or shareholders of that party.

11.3. Effect of Termination. In the event of the termination and abandonment hereof pursuant to the provisions of section 11.1 or section 11.2, this Agreement shall become void and have no force or effect, without any liability on the part of NBTB, PAHC, PA Bank, or their respective directors or officers or shareholders, in respect of this Agreement. Notwithstanding the foregoing, (a) as provided in section 12.4 of this Agreement, the confidentiality agreement contained in that section shall survive such termination; (b) the provisions of sections 11.3(b), 11.3(c), 12.1, and 12.11 shall survive; (c) if such termination is a result of any of the representations and warranties of a party being materially incorrect when made or a result of the material breach or material failure by a party of a covenant or agreement hereunder, such party whose representations and warranties were materially incorrect or who materially breached or failed to perform its covenant or agreement shall be liable in the amount of \$500,000 to the other party or parties hereto that are not affiliated with it; and (d) if

(i) such termination is pursuant to section 11.2(c)(iii) of this Agreement, or if

(ii) this Agreement is terminated for any reason specified in section 11.2(b)(ii) of this Agreement and a definitive agreement with respect to an Alternative Proposal is executed by PAHC or PA Bank within one year after such termination,

then in either case, and in addition to any amount payable or paid under subsection (c) of this section 11.3, PAHC shall be liable to NBTB for liquidated damages in the further amount of \$3,000,000, which amount will be payable to NBTB in immediately available funds within two business days after such amount becomes due. PAHC acknowledges that the agreements contained in subsection (d) of this section 11.3 are an integral part of the transactions contemplated in this Agreement and that, without these agreements, NBTB would not enter into this Agreement.

11.4. Waiver of Terms or Conditions. Any of the terms or conditions of this Agreement, to the extent legally permitted, may be waived at any time prior to the Effective Time by the party which is, or whose shareholders are, entitled to the benefit thereof, by action taken by that party (if an individual) or by the board of directors of such

party (if a corporation), or by its chairman, or by its president; provided that such waiver shall be in writing and shall be taken only if, in the judgment of the party, board of directors, or officer taking such action, such waiver will not have a materially adverse effect on the benefits intended hereunder to it or to the shareholders of its or his corporation; and the other parties hereto may rely on the delivery of such a waiver as conclusive evidence of such judgment and the validity of the waiver.

11.5. Amendment. Anything herein or elsewhere to the contrary notwithstanding, to the extent permitted by law, this Agreement and the exhibits hereto may be amended, supplemented, or interpreted at any time prior to the Effective Time by written instrument duly authorized and executed by each of the parties hereto; provided, however, that (except as specifically provided herein or as may be approved by such shareholders) this Agreement may not be amended after:

(a) the action by shareholders of PAHC in any respect that would change (i) the amount or kind of shares, obligations, cash, property, or rights to be received in exchange for or on conversion of the PAHC Common Stock; (ii) any term of the certificate of incorporation of NBTB to be effected by the Merger; or (iii) any of the terms and conditions of this Agreement if the change would adversely affect the shareholders of PAHC, or

(b) the action by shareholders of NBTB in any respect that would change (i) the amount or kind of shares, obligations, cash, property, or rights to be received in exchange for the NBTB Common Stock to be delivered in the Merger; (ii) any term of the certificate of incorporation of NBTB to be effected by the Merger; or (iii) any of the terms and conditions of this Agreement if the change would adversely affect the shareholders of NBTB.

12. GENERAL PROVISIONS.

12.1. Allocation of Costs and Expenses. Except as provided in this section, each party hereto shall pay its own fees and expenses, including without limitation the fees and expenses of its own counsel and its own accountants and tax advisers, incurred in connection with this Agreement and the transactions contemplated thereby. For purposes of this section, (i) the cost of printing the Joint Proxy Statement shall be apportioned between NBTB and PAHC based upon the number of copies each shall request to be printed, (ii) the cost of delivering the Joint Proxy Statement and other material to be transmitted to shareholders of NBTB shall be deemed to be incurred on behalf of NBTB, (iii) the cost of delivering the Joint Proxy Statement and other material to be transmitted to shareholders of PAHC shall be deemed to be incurred on behalf of PAHC, (iv) the cost of registering under federal and state securities laws the stock of NBTB to be received by the shareholders of PAHC shall be deemed to be incurred on behalf of NBTB, and (v) the cost of procuring the tax opinion referred to in section 3.4 of this Agreement shall be deemed to be incurred on behalf of PAHC.

12.2. Mutual Cooperation.

(a) Subject to the terms and conditions herein provided, each party shall use its best efforts, and shall cooperate fully with the other party, in expeditiously carrying out the provisions of this Agreement and in expeditiously making all filings and obtaining all necessary governmental approvals, and as soon as practicable shall execute and deliver, or cause to be executed and delivered, such governmental notifications and additional documents and instruments and do or cause to be done all additional things necessary, proper, or advisable under applicable law to consummate and make effective on the earliest practicable date the transactions contemplated hereby.

(b) NBTB and PAHC shall promptly prepare and file with the SEC the Joint Proxy Statement, and NBTB shall promptly prepare and file with the SEC the Registration Statement in which the Joint

Proxy Statement will be included as a prospectus. NBTB and PAHC shall use all reasonable efforts to have the Registration Statement declared effective under the Securities Act as promptly as practicable after such filing. Each party will supply in a timely fashion such information concerning such party as shall be necessary or appropriate for inclusion in the Joint Proxy Statement and Registration Statement.

12.3. Form of Public Disclosures. NBTB and PAHC shall mutually agree in advance upon the form and substance of all public disclosures concerning this Agreement and the transactions contemplated hereby.

12.4. Confidentiality. NBTB, PAHC, and their respective subsidiaries shall use all information that each obtains from the other pursuant to this Agreement solely for the effectuation of the transactions contemplated by this Agreement or for other purposes consistent with the intent of this Agreement. Neither NBTB, PAHC, nor their respective subsidiaries shall use any of such information for any other purpose, including, without limitation, the competitive detriment of any other party. NBTB and PAHC shall maintain as strictly confidential all information each of them learns from the other and shall, at any time after termination of this Agreement in accordance with the terms thereof, upon the request of the other, return promptly to it all documentation provided by it or made available to third parties. Each of the parties may disclose such information to its respective affiliates, counsel, accountants, tax advisers, and consultants, provided that such parties are advised of the confidential nature of such information and agree to be bound by the terms of this section 12.4. The confidentiality agreement contained in this section 12.4 shall remain operative and in full force and effect, and shall survive the termination of this Agreement.

12.5. Claims of Brokers.

(a) PAHC shall indemnify, defend, and hold NBTB harmless for, from, and against any claim, suit, liability, fees, or expenses (including, without limitation, attorneys' fees and costs of court) arising out of any claim for brokerage commissions, finder's fees, or similar compensation arising out of or due to any of its acts in connection with the transactions contemplated by this Agreement or based upon any agreement or arrangement made by it or on its behalf with respect to NBTB.

(b) NBTB shall indemnify, defend, and hold PAHC harmless for, from, and against any claim, suit, liability, fees, or expenses (including, without limitation, attorneys' fees and costs of court) arising out of any claim for brokerage commissions, finder's fees, or similar compensation arising out of or due to any of its acts in connection with any of the transactions contemplated by this Agreement or based upon any agreement or arrangement made by it or on its behalf with respect to PAHC.

12.6. Information for Applications and Registration Statement.

(a) Each party represents and warrants that all information concerning it which is included in any statement and application (including the Registration Statement) made to any governmental agency in connection with the transactions contemplated by this Agreement shall not, with respect to such party, contain an untrue statement of a material fact or omit any material fact required to be stated therein or necessary to make the statements made, in light of the circumstances under which they were made, not misleading. The party so representing and warranting will indemnify, defend, and hold harmless the other, each of its directors and officers, each underwriter and each person, if any, who controls the other within the meaning of the Securities Act, for, from and against any and all losses, claims, suits, damages, expenses, or liabilities to which any of them may become subject under applicable laws (including, but not limited to, the Securities Act and the Exchange Act) and rules and regulations thereunder and will reimburse them for any legal or other expenses reasonably incurred by them in connection with investigating or defending any actions whether or not resulting in liability, insofar as such losses, claims, damages, expenses, liabilities, or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any such application or statement or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein, or necessary in order to make the statements

therein not misleading, but only insofar as any such statement or omission was made in reliance upon and in conformity with information furnished in writing by the representing and warranting party expressly for use therein. Each party agrees at any time upon the request of the other to furnish to the other a written letter or statement confirming the accuracy of the information contained in any proxy statement, registration statement, report, or other application or statement, and confirming that the information contained in such document was furnished expressly for use therein or, if such is not the case, indicating the inaccuracies contained in such document or draft or indicating the information not furnished expressly for use therein. The indemnity agreement contained in this section 12.6(a) shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any of the other parties, and shall survive the termination of this Agreement or the consummation of the transactions contemplated thereby.

(b) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement contained in section 12.6(a) of this Agreement is for any reason held by a court of competent jurisdiction to be unenforceable as to any or every party, then the parties in such circumstances shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amounts paid in settlement of, any action, suit or proceeding or any claims asserted) to which any party may be subject in such proportion as the court of law determines based on the relative fault of the parties.

12.7. Standard of Materiality and of Material Adverse Effect.

(a) For purposes of sections 4, 6, and 7 of this Agreement, the terms "material" and "materially," when used with reference to items normally expressed in dollars, shall be deemed to refer to amounts individually and in the aggregate in excess of 3 percent of the shareholders' equity of PAHC as of September 30, 1999, as determined in accordance with generally accepted accounting principles.

(b) For purposes of sections 5, 8, and 9 of this Agreement, the terms "material" and "materially," when used with reference to items normally expressed in dollars, shall be deemed to refer to amounts individually and in the aggregate in excess of 3 percent of the shareholders' equity of NBTB as of September 30, 1999, as determined in accordance with generally accepted accounting principles.

(c) For other purposes and, notwithstanding subsections (a) and (b) of this section 11.7, when used anywhere in this Agreement with explicit reference to any of the federal securities laws or to the Proxy Statement or the Registration Statement, the terms "material" and "materially" shall be construed and understood in accordance with standards of materiality as judicially determined under the federal securities laws.

(d) The term "Material Adverse Effect" wherever used in this Agreement shall mean, with respect to a person, a material adverse effect on the business, results of operations, financial condition or prospects of such person and its subsidiaries taken as a whole or a material adverse effect on such person's ability to consummate the transactions contemplated hereby on a timely basis; provided, that, in determining whether a Material Adverse Effect has occurred, there shall be excluded any effect on the referenced person the cause of which is (i) any change in banking laws, rules or regulations of general applicability or interpretations thereof by courts or governmental authorities, (ii) any change in generally accepted accounting principles or regulatory accounting requirements applicable to banks or their holding companies generally, (iii) any action or omission of PAHC or any of its subsidiaries taken with the prior written consent of NBTB, or of NBTB or any of its subsidiaries taken with the prior written consent of PAHC, or (iv) any changes in general economic conditions affecting banks or their holding companies.

12.8. Adjustments for Certain Events. Anything in this agreement to the contrary notwithstanding, all prices per share, share amounts, per-share amounts, and exchange ratios referred to in this Agreement (including

without limitation section 11.2(d) of this Agreement) shall be appropriately adjusted to account for stock dividends, split-ups, mergers, recapitalizations, combinations, conversions, exchanges of shares or the like, but not for normal and recurring cash dividends declared or paid in a manner consistent with the established practice of the payer.

12.9. Counterparts. This Agreement may be executed in two or more counterparts each of which shall be deemed to constitute an original, but such counterparts together shall be deemed to be one and the same instrument and to become effective when one or more counterparts have been signed by each of the parties hereto. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for the other counterpart.

12.10. Entire Agreement. This Agreement sets forth the entire understanding of the parties hereto with respect to their commitments to each other and their undertakings vis-a-vis each other on the subject matter hereof. Any previous agreements or understandings among the parties regarding the subject matter hereof are merged into and superseded by this Agreement. Nothing in this Agreement express or implied is intended or shall be construed to confer upon or to give any person, other than NBTB, Newco, PAHC, and their respective shareholders, any rights or remedies under or by reason of this Agreement.

12.11. Survival of Representations, Warranties, and Covenants. None of the representations, warranties, covenants, and agreements in this Agreement or in any instrument delivered pursuant to this Agreement (other than the Stock Option Agreement, the employment agreement described in section 4.8 hereof, and the change-in-control agreements described in section 5.5 hereof, each of which shall terminate in accordance with its terms), shall survive the Effective Time, except for sections 9.6, 12.4, 12.6, and those other covenants and agreements contained herein and therein which by their terms apply in whole or in part after the Effective Time.

12.12. Section 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. Any reference to a "person" herein shall include an individual, firm, corporation, partnership, trust, government or political subdivision or agency or instrumentality thereof, association, unincorporated organization, or any other entity.

12.13. 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 PAHC or PA Bank:

Pioneer American Holding Company Corp.
41 North Main Street
Carbondale, Pennsylvania 18407

Attention: Mr. John W. Reuther
President and Chief Executive Officer

With a required copy to:

Lawrence R. Wiseman, Esq.
Blank Rome Comisky & McCauley LLP
One Logan Square
Philadelphia, Pennsylvania 19103-6998

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

12.14. Choice of Law and Venue. 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, except that the BCL (in the case of PAHC) shall govern with respect to the terms and conditions of the Merger, the approval and effectiveness thereof, and the authorization, cancellation, or issuance of the stock or options of PAHC with respect thereto. 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.

12.15. Knowledge of a Party. References in this Agreement to the knowledge of a party shall mean the actual knowledge possessed by the present executive officers of such party.

12.16. Binding Agreement. This Agreement shall be binding upon the parties and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

NBT BANCORP INC.

By: DARYL R. FORSYTHE

Daryl R. Forsythe
President and Chief Executive Officer

By: JOHN D. ROBERTS

John D. Roberts
Senior Vice President and Secretary

LEVON ACQUISITION COMPANY

By: DARYL R. FORSYTHE

Daryl R. Forsythe
President and Chief Executive Officer

By: JOHN D. ROBERTS

John D. Roberts
Secretary

PIONEER AMERICAN HOLDING COMPANY
CORP.

By: JOHN W. REUTHER

John W. Reuther
President and Chief Executive Officer

By: ANTOINETTE STICKER

Antoinette Sticker
Secretary

-----)
State of New York)
)
County of Chenango) ss.
)
-----)

On this seventh day of December, 1999, before me personally appeared Daryl R. Forsythe, to me known to be the President and Chief Executive Officer of NBT Bancorp Inc., and John D. Roberts, to me known to be the Senior Vice President and Secretary of NBT Bancorp Inc., and each acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath each stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

DAVID R. THELEMAN

Notary Public

DAVID R. THELEMAN
Notary Public, State of New York
Broome County, # 4940266
Commission Expires Aug. 8, 2000

-----)
State of New York)
)
County of Chenango) ss.
)

On this seventh day of December, 1999, before me personally appeared Daryl R. Forsythe, to me known to be the President and Chief Executive Officer of Levon Acquisition Company, and John D. Roberts, to me known to be the Secretary of Levon Acquisition Company, and each acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath each stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

DAVID R. THELEMAN

Notary Public

DAVID R. THELEMAN
Notary Public, State of New York
Broome County, # 4940266
Commission Expires Aug. 8, 2000

Commonwealth of Pennsylvania))
)) ss.
County of Lackawanna))
))

On this seventh day of December, 1999, before me personally appeared John W. Reuther, to me known to be the President and Chief Executive Officer of Pioneer American Holding Company Corp., and Antoinette Sticker, to me known to be the Secretary of Pioneer American Holding Company Corp., and each acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath each stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

LISA ANN BUCHINSKI

Notary Public

Notarial Seal
Lisa Ann Buchinski, Notary Public
Carbondale, Lackawanna County
My Commission Expires Oct. 16, 2000

The undersigned members of the Board of Directors of Pioneer American Holding Company Corp. ("PAHC"), acknowledging that NBT Bancorp Inc. ("NBTB") has relied upon the action heretofore taken by the board of directors in entering into the Agreement, and has required the same as a prerequisite to NBTB's execution of the Agreement, do individually and as a group agree, subject to their fiduciary duties to shareholders, to support the Agreement and to recommend its adoption by the other shareholders of PAHC.

The undersigned do hereby, individually and as a group, until the Effective Time or termination of the Agreement, further agree to refrain from soliciting or, subject to their fiduciary duties to shareholders, negotiating or accepting any offer of merger, consolidation, or acquisition of any of the shares or all or substantially all of the assets of PAHC or PA Bank, National Association.

JOSEPH G. NASSER

MICHAEL M. MURPHY

R. CHOJNOWSKI

JOHN W. WALSKI

ELDORE SEBASTIANELLI

GENE E. GOLDENZIEL

JOHN W. REUTHER

MARGARET O'CONNOR-FLETCHER

SCHEDULE 1.10

Richard Chojnowski
Gene E. Goldenziel
Michael M. Murphy
Joseph G. Nasser
William K. Nasser, Sr.
William K. Nasser, Jr.
Margaret L. O'Connor-Fletcher
John W. Reuther
Eldore Sebastianelli
John W. Walski

APPENDIX B

FAIRNESS OPINION OF MCCONNELL, BUDD & DOWNES, INC.

March 31, 2000

The Board of Directors
NBT Bancorp Inc.
52 South Broad Street
Norwich, New York 13815

The Board of Directors:

You have requested our opinion as to the fairness, from a financial point of view, to the stockholders of NBT Bancorp Inc. ("NBT") of the Exchange Ratio governing the exchange of shares of the common stock of Pioneer American Holding Company Corp. (Pioneer American) for shares of common stock of NBT in connection with the proposed acquisition of Pioneer American by NBT pursuant to an Agreement and Plan of Merger (the "Merger Agreement") dated December 7, 1999 by and between Pioneer American and NBT. Pursuant to the Merger Agreement, Pioneer American will merge with and into NBT, with NBT being the surviving corporation.

As is more specifically set forth in the Merger Agreement, upon consummation of the merger, each outstanding share of Pioneer American common stock, except for shares held by NBT and its subsidiaries or by Pioneer American and its subsidiaries (in both cases, other than shares held in a fiduciary capacity or as a result of debts previously contracted), will be exchanged into 1.805 shares of NBT Common Stock. The Merger Agreement may be terminated under certain conditions prior to the effective time of the merger by the Board of Directors of either party based on defined criteria.

McConnell, Budd & Downes, Inc., as part of its investment banking business, is regularly engaged in the valuation of bank holding companies and banks, thrift holding companies and thrifts and their securities in connection with mergers and acquisitions, negotiated underwritings, private placements, competitive bidding processes, market making as a NASD market maker, secondary distributions of listed securities and valuations for corporate, estate and other purposes. Our experience and familiarity with NBT includes having worked as a financial advisor to NBT since October 20, 1994 on a contractual basis and specifically includes our participation in the process and negotiations leading up to the proposed merger with Pioneer American. In the course of our role as financial advisor to NBT in connection with the merger, we have received fees for our services and will receive additional fees contingent on the occurrence of certain defined events. While the payment of all or a significant portion of fees related to financial advisory services provided in connection with arm's-length mergers and other business combination transactions upon consummation of such transactions, as is the case with this transaction, might be viewed as giving such financial advisors a financial interest in the successful completion of such transactions, such compensation arrangements are standard and customary for transactions of the size and type of this transaction.

In arriving at our opinion, we have reviewed the Merger Agreement. We have also reviewed publicly available business, financial and shareholder information relating to NBT and its subsidiaries and certain publicly available financial and shareholder information relating to Pioneer American.

In connection with the foregoing, we have (i) reviewed Pioneer American's Annual Reports to Stockholders, Annual Reports on Form 10-K and related financial information for the four calendar years ended

December 31, 1998 and Pioneer American's Quarterly Report on Form 10-Q and related unaudited financial information for 1999; (ii) reviewed NBT's Annual Reports to Stockholders, Annual Reports on Form 10-K and related financial information for the four calendar years ended December 31, 1998 and NBT's Quarterly Report on Form 10-Q and related unaudited financial information for 1999; (iii) reviewed certain internal financial information and financial forecasts, relating to the business, earnings, cash flows, assets and prospects of the respective companies furnished to McConnell, Budd & Downes, Inc. by Pioneer American and NBT, respectively; (iv) held discussions with members of the senior management and board of NBT concerning the past and current results of operations of NBT, its current financial condition and management's opinion of its future prospects; (v) held discussions with members of senior management of Pioneer American concerning the past and current results of operations of Pioneer American, its current financial condition and management's opinion of its future prospects; (vi) reviewed the historical record of reported prices, trading volume and dividend payments for both NBT and Pioneer American common stock; (vii) considered the current state of and future prospects for the economy of New York and Pennsylvania generally and the relevant market areas for NBT and Pioneer American in particular; (viii) reviewed specific merger analysis models employed by McConnell, Budd & Downes, Inc. to evaluate potential business combinations of financial institutions; (ix) reviewed the reported financial terms of selected recent business combinations in the banking industry; and (x) performed such other studies and analyses as McConnell, Budd & Downes, Inc. considered appropriate under the circumstances associated with this particular transaction.

In the course of our review and analysis we considered, among other things, such topics as the historical and projected future contributions of recurring earnings by the parties, the anticipated future earnings per share results for the parties on both a combined and stand-alone basis, the potential to realize significant recurring operating expense reductions and the impact thereof on projected future earnings per share, the relative capitalization and capital adequacy of each of the parties, the availability of non-interest income to each of the parties, the relative asset quality and apparent adequacy of the reserve for loan losses for each of the parties. We also considered the composition of deposits and the composition of the loan portfolio of each of Pioneer American and NBT. In addition, we considered the historical trading range, trading pattern and relative market liquidity of the common shares of each of the parties. In the conduct of our review and analysis we have relied upon and assumed, without independent verification, the accuracy and completeness of the financial information provided to us by Pioneer American and NBT and otherwise publicly obtainable. In reaching our opinion we have not assumed any responsibility for the independent verification of such information or any independent valuation or appraisal of any of the assets or the liabilities of either Pioneer American or NBT, nor have we obtained from any other source, any current appraisals of the assets or liabilities of either Pioneer American or NBT. We have also relied on the management of Pioneer American and NBT as to the reasonableness of various financial and operating forecasts and of the assumptions on which they are based, which were provided to us for use in our analyses.

In the course of rendering this opinion, which is being rendered prior to the receipt of certain required regulatory approvals necessary before consummation of the merger, we assume that no conditions will be imposed by any regulatory agency in connection with its approval of the merger that will have a material adverse effect on the results of operations, the financial condition or the prospects of NBT following consummation of the merger.

Based upon and subject to the foregoing, it is our opinion, that as of the date of this letter, the exchange ratio is fair to the stockholders of NBT from a financial point of view.

Very truly yours,

/s/ McConnell, Budd & Downes, Inc.

McConnell, Budd & Downes, Inc.

APPENDIX C
FAIRNESS OPINION OF DANIELSON ASSOCIATES INC.

DANIELSON ASSOCIATES INC.
6110 EXECUTIVE BOULEVARD
SUITE 504
ROCKVILLE, MARYLAND 20852-3903 PITTSBURGH OFFICE
TEL: (301) 468-4884 -----
FAX: (301) 468-0013 TEL: (412) 262-3207

March 10, 2000

Board of Directors
Pioneer American Holding Company Corp.
41 North Main Street
Carbondale, Pennsylvania 18407

Dear Members of the Board:

Set forth herein is the updated opinion of Danielson Associates Inc. ("Danielson Associates") as to the "fairness" of the offer by NBT Bancorp, Inc. ("NBT") of Norwich, New York to acquire all of the common stock of Pioneer American Holding Company Corporation ("Pioneer") of Carbondale, Pennsylvania. The "fair" sale value is defined as the price at which all of the shares of Pioneer's common stock would change hands between a willing seller and a willing buyer, each having reasonable knowledge of the relevant facts. In opining as to the "fairness" of the offer, it also had to be determined if the NBT common stock that is to be exchanged for Pioneer stock is "fairly" valued.

In preparing the original opinion, Pioneer's market was analyzed and its business and prospects were reviewed. We also conducted such other financial analyses as we deemed appropriate such as comparable company analyses, comparable transactions and pro forma dilution. Any unique characteristics also were considered.

This opinion was based partly on data supplied to Danielson Associates by Pioneer, but it relied on some public information all of which was believed to be reliable, but neither the completeness nor accuracy of such information could be guaranteed. In particular, the opinion assumed, based on NBT's management's representation, that there were no significant asset quality problems beyond what was stated in recent reports to regulatory agencies and in the monthly report to the directors.

In determining the "fair" sale value of Pioneer, the primary emphasis was on prices paid relative to earnings for Pennsylvania and Northeast banks that had similar financial, structural and market characteristics. These prices were then related to assets and equity capital, also referred to as "book."

The "fair" market value of NBT's common stock to be exchanged for Pioneer stock was determined by a comparison with other similar bank holding companies and included no in-person due diligence of NBT. This comparison showed NBT stock to be valued consistent with the comparable banks.

In the original opinion, based on Pioneer's recent performance and its future potential, comparisons with similar transactions and unique characteristics, it was determined that its "fair" sale value was between \$80 and \$89 million, or \$27.67 to \$30.76 per share. Thus, NBT's offer of \$87.5 million, or \$29.22 per share, was a "fair" offer from a financial point of view for Pioneer and its shareholders.

There has been no subsequent change in NBT's performance, but its stock price has declined by about 15%, which is consistent with most other regional banks since the time of the offer. Thus, the value of NBT's offer is still "fair" from a financial point of view to Pioneer American and its shareholders based on the changed market conditions.

Respectfully submitted,

/s/ Arnold G. Danielson

Arnold G. Danielson
Chairman
Danielson Associates Inc.

AGD:msf
Enclosure

APPENDIX D

Sections 1571 through 1580 of the Pennsylvania Business Corporation Law, regarding dissenters' rights

PENNSYLVANIA Business Corporation Law
Subchapter D. Dissenters Rights

1571 APPLICATION AND EFFECT OF SUBCHAPTER. -- (a) General rule. Except as otherwise provided in subsection (b), any shareholder of a business corporation shall have the right to dissent from, and to obtain payment of the fair value of his shares in the event of, any corporate action, or to otherwise obtain fair value for his shares, where this part expressly provides that a shareholder shall have the rights and remedies provided in this subchapter. See:

Section 1906(c) (relating to dissenters rights upon special treatment).
Section 1930 (relating to dissenters rights).
Section 1931(d) (relating to dissenters rights in share exchanges).
Section 1932(c) (relating to dissenters rights in asset transfers).
Section 1952(d) (relating to dissenters rights in division).
Section 1962(c) (relating to dissenters rights in conversion).
Section 2104(b) (relating to procedure).
Section 2324 (relating to corporation option where a restriction on transfer of a security is held invalid).
Section 2325(b) (relating to minimum vote requirement).
Section 2704(c) (relating to dissenters rights upon election).
Section 2705(d) (relating to dissenters rights upon renewal of election).
Section 2907(a) (relating to proceedings to terminate breach of qualifying conditions).
Section 7104(b)(3) (relating to procedure).

(b) Exceptions. -- (I) Except as otherwise provided in paragraph (2), the holders of the shares of any class or series of shares that, at the record date fixed to determine the shareholders entitled to notice of and to vote at the meeting at which a plan specified in any of section 1930, 1931(d), 1932(c) or 1952(d) is to be voted on, are either:

- (i) listed on a national securities exchange; or
- (ii) held of record by more than 2,000 shareholders;

shall not have the right to obtain payment of the fair value of any such shares under this subchapter.

(2) Paragraph (1) shall not apply to and dissenters rights shall be available without regard to the exception provided in that paragraph in the case of:

- (i) Shares converted by a plan if the shares are not converted solely into shares of the acquiring, surviving, new or other corporation or solely into such shares and money in lieu of fractional shares.
- (ii) Shares of any preferred or special class unless the articles, the plan or the terms of the transaction entitle all shareholders of the class to vote thereon and require for the adoption of the plan or the effectuation of the transaction the affirmative vote of a majority of the votes cast by all shareholders of the class.
- (iii) Shares entitled to dissenters rights under section 1906(c) (relating to dissenters rights upon special treatment).

(3) The shareholders of a corporation that acquires by purchase, lease, exchange or other disposition all or substantially all of the shares, property or assets of another corporation by the issuance of shares, obligations or otherwise, with or without assuming the liabilities of the other corporation and with or without the intervention of another corporation or other person, shall not be entitled to the rights and remedies of dissenting shareholders provided in this subchapter regardless of the fact, if it be the case, that the acquisition was accomplished by the issuance of voting shares of the corporation to be outstanding immediately after the acquisition sufficient to elect a majority or more of the directors of the corporation.

(c) Grant of optional dissenters rights. -- The bylaws or a resolution of the board of directors may direct that all or a part of the shareholders shall have dissenters rights in connection with any corporate action or other transaction that would otherwise not entitle such shareholder to dissenters rights.

(d) Notice of dissenters rights. -- Unless otherwise provided by statute, if a proposed corporate action that would give rise to dissenters rights under this subpart is submitted to a vote at a meeting of shareholders, there shall be included in or enclosed with the notice of meeting:

(1) A statement of the proposed action and a statement that the shareholders have a right to dissent and obtain payment of the fair value of their shares by complying with the terms of this subchapter, and

(2) A copy of this subchapter.

(e) Other statutes. -- The procedures of this subchapter shall also be applicable to any transaction described in any statute other than this part that makes reference to this subchapter for the purpose of granting dissenters rights.

(f) Certain provisions of articles ineffective. -- This subchapter may not be relaxed by any provision of the articles.

(g) Cross references. -- See sections 1105 (relating to restriction on equitable relief), 1904 (relating to de facto transaction doctrine abolished) and 2512 (relating to dissenters rights procedure).

1572 DEFINITIONS. -- The following words and phrases when used in this subchapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Corporation." The issuer of the shares held or owned by the dissenter before the corporate action or the successor by merger, consolidation, division, conversion or otherwise of that issuer. A plan of division may designate which of the resulting corporations is the successor corporation for the purposes of this subchapter. The successor corporation in a division shall have sole responsibility for payments to dissenters and other liabilities under this subchapter except as otherwise provided in the plan of division.

"Dissenter." A shareholder or beneficial owner who is entitled to and does assert dissenters rights under this subchapter and who has performed every act required up to the time involved for the assertion of those rights.

"Fair value." The fair value of shares immediately before the effectuation of the corporate action to which the dissenter objects, taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the corporate action.

"Interest." Interest from the effective date of the corporate action until the date of payment at such rate as is fair and equitable under all the circumstances, taking into account all relevant factors, including the average rate currently paid by the corporation on its principal bank loans.

1573 RECORD AND BENEFICIAL HOLDERS AND OWNERS. -- (a) Record holders of shares. -- A record holder of shares of a business corporation may assert dissenters rights as to fewer than all of the shares registered in his name only if he dissents with respect to all the shares of the same class or series beneficially owned by any one person and discloses the name and address of the person or persons on whose behalf he dissents. In that event, his rights shall be determined as if the shares as to which he has dissented and his other shares were registered in the names of different shareholders.

(b) Beneficial owners of shares. -- A beneficial owner of shares of a business corporation who is not the record holder may assert dissenters rights with respect to shares held on his behalf and shall be treated as a dissenting shareholder under the terms of this subchapter if he submits to the corporation not later than the time of the assertion of dissenters rights a written consent of the record holder. A beneficial owner may not dissent with respect to some but less than all shares of the same class or series owned by the owner, whether or not the shares so owned by him are registered in his name.

1574 NOTICE OF ON TO DISSENT. -- If the proposed corporate action is submitted to a vote at a meeting of shareholders of a business corporation, any person who wishes to dissent and obtain payment of the fair value of his shares must file with the corporation, prior to the vote, a written notice of intention to demand that he be paid the fair value for his shares if the proposed action is effectuated, must effect no change in the beneficial ownership of his shares from the date of such filing continuously through the effective date of the proposed action and must refrain from voting his shares in approval of such action. A dissenter who fails in any respect shall not acquire any right to payment of the fair value of his shares under this subchapter. Neither a proxy nor a vote against the proposed corporate action shall constitute the written notice required by this section.

1575 NOTICE TO DEMAND PAYMENT. -- (a) General rule. -- If the proposed corporate action is approved by the required vote at a meeting of shareholders of a business corporation, the corporation shall mail a further notice to all dissenters who gave due notice of intention to demand payment of the fair value of their shares and who re frained from voting in favor of the proposed action. If the proposed corporate action is to be taken without a vote of shareholders, the corporation shall send to all shareholders who are entitled to dissent and demand payment of the fair value of their shares a notice of the adoption of the plan or other corporate action. In either case, the notice shall:

(1) State where and when a demand for payment must be sent and certificates for certificated shares must be deposited in order to obtain payment.

(2) Inform holders of uncertificated shares to what extent transfer of shares will be restricted from the time that demand for payment is received.

(3) Supply a form for demanding payment that includes a request for certification of the date on which the shareholder, or the person on whose behalf the shareholder dissents, acquired beneficial ownership of the shares.

(4) Be accompanied by a copy of this subchapter.

(b) Time for receipt of demand for payment. -- The time set for receipt of the demand and deposit of certificated shares shall be not less than 30 days from the mailing of the notice.

1576 FAILURE TO COMPLY WITH NOTICE TO DEMAND PAYMENT, ETC. -- (a) Effect of failure of shareholder to act. -- A shareholder who fails to timely demand payment, or fails (in the case of certificated shares) to timely deposit certificates, as required by a notice pursuant to section 1575 (relating to notice to demand payment) shall not have any right under this subchapter to receive payment of the fair value of his shares.

(b) Restriction on uncertificated shares. -- If the shares are not represented by certificates, the business corporation may restrict their transfer from the time of receipt of demand for payment until effectuation of the proposed corporate action or the release of restrictions under the terms of section 1577(a) (relating to failure to effectuate corporate action).

(c) Rights retained by shareholder. -- The dissenter shall retain all other rights of a shareholder until those rights are modified by effectuation of the proposed corporate action.

1577 RELEASE OF RESTRICTIONS OR PAYMENT FOR SHARES. -- (a) Failure to effectuate corporate reaction. -- Within 60 days after the date set for demanding payment and depositing certificates, if the business corporation has not effectuated the proposed corporate action, it shall return any certificates that have been deposited and release uncertificated shares from any transfer restrictions imposed by reason of the demand for payment.

(b) Renewal of notice to demand payment. -- When uncertificated shares have been released from transfer restrictions and deposited certificates have been returned, the corporation may at any later time send a new notice conforming to the requirements of section 1575 (relating to notice to demand payment), with like effect.

(c) Payment of fair value of shares. -- Promptly after effectuation of the proposed corporate action, or upon timely receipt of demand for payment if the corporate action has already been effectuated, the corporation shall either remit to dissenters who have made demand and (if their shares are certificated) have deposited their certificates the amount that the corporation estimates to be the fair value of the shares, or give written notice that no remittance under this section will be made. The remittance or notice shall be accompanied by:

(1) The closing balance sheet and statement of income of the issuer of the shares held or owned by the dissenter for a fiscal year ending not more than 16 months before the date of remittance or notice together with the latest available interim financial statements.

(2) A statement of the corporation's estimate of the fair value of the shares.

(3) A notice of the right of the dissenter to demand payment or supplemental payment, as the case may be accompanied by a copy of this subchapter.

(d) Failure to make payment. -- If the corporation does not remit the amount of its estimate of the fair value of the shares as provided by subsection (c), it shall return any certificates that have been deposited and release uncertificated shares from any transfer restrictions imposed by reason of the demand for payment. The corporation may make a notation on any such certificate or on the records of the corporation relating to any such uncertificated shares that such demand has been made. If shares with respect to which notation has been so made shall be transferred, each new certificate issued therefor or the records relating to any transferred uncertificated shares shall bear a similar notation, together with the name of the original dissenting holder or owner of such shares. A transferee of such shares shall not acquire by such transfer any rights in the corporation other than those that the original dissenter had after making demand for payment of their fair value.

1578 ESTIMATE BY DISSENTER OF FAIR VALUE OF SHARES. -- (a) General rule. -- If the business corporation gives notice of its estimate of the fair value of the shares, without remitting such amount, or remits payment of its estimate of the fair value of a dissenter's shares as permitted by section 1577(c) (relating to payment of fair value of shares) and the dissenter believes that the amount stated or remitted is less than the fair value of his shares, he may send to the corporation his own estimate of the fair value of the shares, which shall be deemed a demand for payment of the amount or the deficiency.

(b) Effect of failure to file estimate. -- Where the dissenter does not file his own estimate under subsection (a) within 30 days after the mailing by the corporation of its remittance or notice, the dissenter shall be entitled to no more than the amount stated in the notice or remitted to him by the corporation.

1579 VALUATION PROCEEDINGS GENERALLY. -- (a) General rule. --Within 60 days after the latest of:

(1) Effectuation of the proposed corporate action;

(2) Timely receipt of any demands for payment under section 1575 (relating to notice to demand payment); or

(3) Timely receipt of any estimates pursuant to section 1578 (relating to estimate by dissenter of fair value of shares);

If any demands for payment remain unsettled, the business corporation may file in court an application for relief requesting that the fair value of the shares be determined by the court.

(b) Mandatory joinder of dissenters. -- All dissenters, wherever residing, whose demands have not been settled shall be made parties to the proceeding as in an action against their shares. A copy of the application shall be served on each such dissenter. If a dissenter is a nonresident, the copy may be served on him in the manner provided or prescribed by or pursuant to 42 Pa.C.S. Ch. 53 (relating to bases of jurisdiction and interstate and international procedure).

(c) Jurisdiction of the court. -- The jurisdiction of the court shall be plenary and exclusive. The court may appoint an appraiser to receive evidence and recommend a decision on the issue of fair value. The appraiser shall have such power and authority as may be specified in the order of appointment or in any amendment thereof.

(d) Measure of recovery. -- Each dissenter who is made a party shall be entitled to recover the amount by which the fair value of his shares is found to exceed the amount, if any, previously remitted, plus interest.

(e) Effect of corporation's failure to file application. -- If the corporation fails to file an application as provided in subsection (a), any dissenter who made a demand and who has not already settled his claim against the corporation may do so in the name of the corporation any time within 30 days after the expiration of the 60-day period. If a dissenter does not file an application within the 30-day period, each dissenter entitled to file an application shall be paid the corporation's estimate of the fair value of the shares and no more, and may bring an action to recover any amount not previously remitted.

1580 COSTS AND EXPENSES OF VALUATION PROCEEDINGS. -- (a) General rule. -- The costs and expenses of any proceeding under section 1579 (relating to valuation proceedings generally), including the reasonable compensation and expenses of the appraiser appointed by the court, shall be determined by the court and assessed against the business corporation except that any part of the costs and expenses may be apportioned and assessed as the court deems appropriate against all or some of the dissenters who are parties and whose action in demanding supplemental payment under section 1578 (relating to estimate by dissenter of fair value of shares) the court finds to be dilatory, obdurate, arbitrary, vexatious or in bad faith.

(b) Assessment of counsel fees and expert fees where lack of good faith appears. -- Fees and expenses of counsel and of experts for the respective parties may be assessed as the court deems appropriate against the corporation and in favor of any or all dissenters if the corporation failed to comply substantially with the requirements of this subchapter and may be against either the corporation or a dissenter, in favor of any other party,

if the court finds that the party against whom the fees and expenses are assessed acted in bad faith or in a dilatory, obdurate, arbitrary or vexatious manner in respect to the rights provided by this subchapter.

(c) Award of fees for benefits to other dissenters. -- If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated and should not be against the corporation, it may award to those counsel reasonable fees to be paid out of the amounts awarded to the dissenters who were benefited.

APPENDIX E

NBT BANCORP INC.
EMPLOYEE STOCK PURCHASE PLAN

ARTICLE I--PURPOSE

The NBT Bancorp Inc. Employee Stock Purchase Plan (the "Plan") is intended to provide to employees of NBT Bancorp Inc. (the "Corporation") and its subsidiaries the opportunity to acquire ownership interests in the Corporation through a regular investment program. The Corporation believes that ownership of its Common Stock will motivate employees to improve their job performance, and enhance the financial results of the Corporation. The Plan is intended to qualify as an "employee stock purchase plan" under section 423 of the Internal Revenue Code of 1986, as amended (the "Code"), and shall be construed so as to extend and limit participation in a manner consistent with the requirements thereof.

ARTICLE II--DEFINITIONS

2.01. BASE PAY

"Base Pay" shall mean an Employee's basic hourly wage or salary, excluding any bonuses, overtime, or other extra or incentive pay. With respect to any Employee compensated on a commission basis, the Committee shall make a good faith estimate of the Employee's expected "Base Pay" by taking into account prior-year compensation, excluding any bonuses, overtime, or other extra or incentive pay, and any changes in circumstances for the current year.

2.02. BOARD

"Board" shall mean the Board of Directors of the Corporation.

2.03. CODE

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

2.04. COMMENCEMENT DATE

"Commencement Date" shall mean March 31, 2000 and each January 1 thereafter during which the Plan is in effect.

2.05. COMMITTEE

"Committee" shall mean the individuals described in Article IX.

2.06. COMMON STOCK

"Common Stock" shall mean the Common Stock, par value \$.01 per share, of the Corporation.

2.07. CORPORATION

"Corporation" shall mean NBT Bancorp Inc., a Delaware corporation.

2.08. EMPLOYEE

"Employee" shall mean any person employed by the Corporation or a Subsidiary Corporation (as defined in ss. 2.10).

2.09. OFFERING

"Offering" shall mean an annual offering of Common Stock pursuant to ss. 4.01.

2.10. SUBSIDIARY CORPORATION

"Subsidiary Corporation" shall mean any present or future corporation which would be a "subsidiary corporation" of the Corporation as that term is defined in section 424 of the Code.

2.11. TERMINATION DATE

"Termination Date" shall mean the December 31 immediately following the Commencement Date of an Offering.

ARTICLE III--ELIGIBILITY AND PARTICIPATION

3.01. INITIAL ELIGIBILITY

Except as otherwise provided in ss.ss. 3.02 and 9.01, each Employee shall be eligible to participate in Offerings that commence on or after the date he or she becomes an Employee.

3.02. RESTRICTIONS ON PARTICIPATION

No Employee shall participate in an Offering:

(a) if, immediately after the Commencement Date, such Employee would own stock, and/or hold outstanding options to purchase stock, possessing 5% or more of the total combined voting power or value of all classes of stock of the Corporation (for purposes of this paragraph, the rules of section 424(d) of the Code shall apply in determining stock ownership of any Employee); or

(b) to the extent that his or her rights to purchase stock under all employee stock purchase plans of the Corporation accrue at a rate which exceeds \$25,000 in fair market value of the stock (determined at the time such options are granted) for each calendar year in which such options are outstanding.

3.03. COMMENCEMENT OF PARTICIPATION

An Employee may participate in Offerings by completing an authorization for regular payroll deductions on the form provided by the Corporation and filing it with the Corporation on or before the date set therefor by the Committee, which date shall be prior to the Commencement Date for an Offering. Payroll deductions for an Employee shall commence on the applicable Commencement Date. Once en-rolled, an Employee shall continue to participate in this Plan for each succeeding Offering until the Employee terminates his or her participation as provided in Article VII or ceases to be an Employee. An Employee who desires to change his or her rate of contribution may do so effective as of the beginning of the next Commencement Date for an Offering by completing an authorization and filing it with the Corporation prior to that Commencement Date.

ARTICLE IV--GRANTING OF OPTIONS

4.01. ANNUAL OFFERINGS

The Plan shall be implemented by annual offerings of Common Stock beginning on March 31, 2000 and on the 1st day of January in each subsequent year, each Offering terminating on the December 31 immediately following the Commencement Date (the Termination Date).

4.02. NUMBER OF OPTION SHARES

On the Commencement Date of each Offering, a participating Employee shall be deemed to have been granted an option to purchase a number of shares of Common Stock equal to (i) the aggregate amount of payroll deductions during the Offering elected by the Employee, divided by (ii) the option price determined under ss. 4.03(i).

4.03. OPTION PRICE

The option price of Common Stock purchased in an Offering shall be the lower of:

(i) 85% of the fair market value of Common Stock on the Commencement Date, or

(ii) 85% of the fair market value of Common Stock on the Termination Date. Fair market value as of any date shall mean:

(a) if the Common Stock is listed on a national securities exchange or traded in the over-the-counter market and sales prices are regularly reported for the Common Stock, the average of the closing or last prices of the Common Stock on the Composite Tape or other comparable reporting system for the 10 consecutive trading days immediately preceding such date;

(b) if the Common Stock is traded on the over-the-counter market, but sales prices are not regularly reported for the Common Stock for the 10 days referred to in (a) above, and if bid and asked prices for the Common Stock are regularly reported, the average of the mean between the bid and the asked price for the Common Stock at the close of trading in the over-the-counter market for such 10 days; and

(c) if the Common Stock is neither listed on a national securities exchange nor traded on the over-the-counter market, such value as the Committee, in good faith, shall determine.

4.04. MAXIMUM SHARES

The maximum number of shares which shall be issued under the Plan, subject to adjustment upon changes in capitalization of the Corporation as provided in ss. 11.02, shall be 500,000 shares. If the total number of shares for which options are exercised on any Offering Termination Date, together with the aggregate number of shares as to which options were exercised on all previous Offering Termination Dates, exceeds the foregoing maximum number of shares, the Corporation shall make a pro rata allocation of the shares available for purchase in as nearly a uniform manner as shall be practicable and as it shall determine to be equitable, and the balance credited to the account of each Employee under ss. 5.02 not used to purchase Common Stock shall be returned to him or her as promptly as possible. Common Stock issued pursuant to the Plan may be either authorized but unissued shares or shares held in the treasury of the Corporation.

4.05. EMPLOYEE'S INTEREST IN OPTION STOCK

The Employee shall have no interest in Common Stock covered by his or her option until such option has been exercised in accordance with the provisions of Article VI.

ARTICLE V--PAYROLL DEDUCTIONS

5.01. AMOUNT OF DEDUCTION

An Employee's authorization for payroll deduction shall elect deductions of at least 1% of Base Pay, but not more than 10% of Base Pay, in effect on the Commencement Date of each Offering. No change in the amount of payroll deductions shall be made during a year if the Employee's rate of Base Pay changes during the year.

5.02. EMPLOYEE'S ACCOUNT

All payroll deductions made for an Employee shall be credited to his or her account under the Plan. An Employee may not make any separate cash payment into such account except when on leave of absence, and then only as provided in ss. 5.04.

5.03. CHANGES IN PAYROLL DEDUCTIONS

An Employee may discontinue his or her payroll deductions under the Plan as provided in Article VII, but may make no other change during an Offering and, specifically, may not alter the amount of his or her payroll deductions for that Offering.

5.04. LEAVE OF ABSENCE

An Employee on a leave of absence without pay shall have the right to (i) discontinue contributions to the Plan, or (ii) make a cash payment to the Corporation at the end of each payroll period in the amount of the Employee's authorized Plan deductions.

ARTICLE VI--EXERCISE OF OPTIONS

6.01. AUTOMATIC EXERCISE

Unless an Employee gives written notice to the Corporation as hereinafter provided, his or her option with respect to any Offering shall be exercised automatically on the Termination Date applicable to such Offering, for the number of full and fractional shares of Common Stock subject to his or her option, as determined under ss. 4.02. Any amount in his or her account not used to purchase Common Stock shall be returned to the Employee within a reasonable time after the Termination Date of the Offering.

6.02. BOOK ENTRY ACCOUNTS; DELIVERY OF STOCK

The Corporation shall maintain a book entry account, in the name of each Employee who purchased shares of Common Stock under ss. 6.01, to record book entries of the number of full and fractional shares (to 1/1,000 of a share) of Common Stock purchased by an Employee. Statements of shares held in each Employee's book entry account shall be delivered to each Employee within a reasonable time after the Termination Date of each Offering. Shares credited to an Employee's book entry account will be held in uncertificated form for a period of one year from the date of purchase, except as provided in ss. 6.04 and 7.03. Thereafter, Employees may obtain stock certificates for those shares that have been held for one year in their respective book entry accounts upon submitting a written request to the Committee.

6.03. REGISTRATION OF STOCK

Common Stock to be delivered to an Employee under the Plan shall be registered in the name of the Employee, or, if the Employee so directs by written notice to the Corporation prior to the Offering Termination Date applicable thereto, in the names of the Employee and one such other person as may be designated by the Employee, as joint tenants with rights of survivorship or as tenants by the entirety, to the extent permitted by applicable law.

6.04. TRANSFERABILITY OF STOCK

Common Stock issued pursuant to the Plan shall not be transferable, other than to the Employee's estate or by bequest or inheritance, incident to the Employee's divorce, or due to the Employee's immediate and heavy financial need, for one year after the date of purchase.

Stock certificates representing those shares that have been held in an Employee's book entry account for less than one year from the date of purchase will be issued to an Employee due to an immediate and heavy financial need of the Employee if the Employee has incurred (or is about to incur) any of the following financial obligations:

- (i) Expenses incurred or necessary for medical care described in Code section 213(d) for the Employee, his or her spouse, children or other dependents;
- (ii) Costs directly related to the purchase of the principal residence for the Employee (excluding mortgage payments);
- (iii) Payment of tuition, related educational fees, and room and board expenses, for the next twelve (12) months of post-secondary education for the Employee, his or her spouse, children or other dependents; or

(iv) Payments necessary to prevent the eviction of the Employee from his or her principal residence or foreclosure on the mortgage of his or her principal residence.

A financial hardship request for stock certificates must be submitted to the Committee in writing. The Employee making the application shall have the burden of presenting to the Committee evidence that he or she has an immediate and heavy financial need and that the issuance of stock certificates and subsequent sale of those shares of Common Stock is necessary to satisfy that financial need. Action upon any such application shall be taken by the Committee in its absolute discretion.

6.05. WITHHOLDING

The Corporation shall have the right to withhold from an Employee's compensation amounts sufficient to satisfy all federal, state and local tax withholding requirements, and shall have the right to require the Employee to remit to the Corporation such additional amounts as may be necessary to satisfy such requirements.

ARTICLE VII--WITHDRAWAL

7.01. IN GENERAL

An Employee may withdraw the full amount credited to his or her account under the Plan at any time by giving written notice to the Corporation. The balance credited to the Employee's account shall be paid to him or her promptly after receipt of the notice of withdrawal, and no further deductions shall be made from his or her pay during such Offering.

7.02. EFFECT ON SUBSEQUENT PARTICIPATION

An Employee's withdrawal from any Offering shall not have any effect upon his or her eligibility to participate in any succeeding Offering by filing with the Corporation a new authorization for payroll deduction.

7.03. TERMINATION OF EMPLOYMENT

Upon termination of an Employee's employment for any reason, including retirement (but excluding death while in the employ of the Corporation), the amount credited to his or her account shall be returned to him or her or, in the case of death subsequent to the termination of his or her employment, to the person or persons entitled thereto under ss. 11.08. Certificates for the number of full shares of Common Stock allocated to a terminated Employee's book entry account shall be issued to him or her as promptly as practicable after his or her termination date, with any fractional shares paid in cash.

7.04. TERMINATION OF EMPLOYMENT DUE TO DEATH

Upon termination of an Employee's employment because of his or her death, his or her beneficiary (as defined in ss. 11.08) shall have the right to elect, by written notice given to the Corporation prior to the Offering Termination Date, either:

(i) to withdraw the amount credited to the Employee's account under the Plan, or

(ii) to exercise his or her option on the Termination Date next following the date of the Employee's death for the number of full and fractional shares of Common Stock which the Employee's payroll deductions prior to death will purchase at the applicable option price, but not more than the number of shares subject to the Employee's option determined under ss. 4.02, with any amount in such account not used to purchase Common Stock returned to the beneficiary.

In the event that no such timely written notice of election shall be received by the Corporation, the beneficiary shall automatically be deemed to have elected, pursuant to paragraph (ii), to exercise the Employee's option.

ARTICLE VIII--INTEREST

8.01. PAYMENT OF INTEREST

No interest shall be paid or allowed on any money paid into the Plan or credited to the account of any Employee; provided, however, that interest shall be paid on any and all money which is distributed to an Employee or his or her beneficiary pursuant to the provisions of ss.ss. 7.01, 7.03 and 7.04. Such distributions shall bear simple interest during the period from the date of withholding to the date of return at the regular passbook savings account rate per annum in effect at NBT Bank, N.A., Norwich, New York. Where the amount returned represents an excess amount in an Employee's account after such account has been applied to the purchase of Common Stock under ss. 6.01, the Employee's withholding account shall be deemed to have been applied first toward purchase of Common Stock under the Plan, so that interest shall be paid on the last withholdings during the period which results in the excess amount.

ARTICLE IX--ADMINISTRATION

9.01. APPOINTMENT OF COMMITTEE

The Board shall appoint the Compensation and Benefits Committee to administer the Plan, which shall consist of no fewer than two members of the Board. No members of the Committee shall be eligible to purchase Common Stock under the Plan. If at any time no Committee is in existence, the Board shall have the authority and responsibility to carry out the duties of the Committee under the Plan.

9.02. AUTHORITY OF COMMITTEE

Subject to the express provisions of the Plan, the Committee shall have plenary authority in its discretion to interpret and construe any and all provisions of the Plan, to adopt rules and regulations for administering the Plan, to make all other determinations deemed necessary or advisable for administering the Plan. The Committee's determination on the foregoing matters shall be conclusive.

9.03. RULES GOVERNING THE COMMITTEE

The Board may from time to time appoint members of the Committee in substitution for or in addition to members previously appointed and may fill vacancies, however caused, in the Committee. The Committee may select one of its members as its Chairman and shall hold its meetings at such times and places as it shall deem advisable, and may hold telephonic meetings. A majority of its members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. The Committee may correct any defect or omission or reconcile any inconsistency in the Plan, in the manner and to the extent it shall deem desirable. Any decision or determination reduced to writing and signed by a majority of the members of the Committee shall be as fully effective as if it had been made by a majority vote at a meeting duly called and held. The Committee may appoint a secretary and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

ARTICLE X--INDEMNIFICATION OF COMMITTEE

10.01. INDEMNIFICATION OF COMMITTEE

In addition to such other rights of indemnification as they may have as directors or as members of the Committee, the members of the Committee shall be indemnified by the Corporation against the reasonable expenses, including attorneys' fees actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any option granted thereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Corporation) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that

such Committee member is liable for negligence or misconduct in the performance of his or her duties; provided that within sixty (60) days after institution of any such action, suit or proceeding, a Committee member shall in writing offer the Corporation the opportunity, at its own expense, to handle and defend the same.

ARTICLE XI--MISCELLANEOUS

11.01. TRANSFERABILITY

Neither payroll deductions credited to an Employee's account nor any rights with regard to the exercise of an option or to receive Common Stock or a return of payroll deductions under the Plan may be assigned, transferred, pledged, or otherwise disposed of in any way other than by the laws of descent and distribution, nor shall be subject to execution, attachment or similar process. Any such attempted voluntary or involuntary disposition shall be without effect, except that the Corporation may treat such act as an election to withdraw funds in accordance with ss. 7.01. During an Employee's lifetime, options granted to the Employee shall be exercisable only by the Employee.

11.02. ADJUSTMENT UPON CHANGES IN CAPITALIZATION

If, while any options under the Plan are outstanding, the outstanding shares of Common Stock have increased, decreased, changed into, or been exchanged for a different number or kind of shares or securities of the Corporation, or of another corporation, through reorganization, recapitalization, reclassification, merger, consolidation, spin-off, stock dividend (either in shares of the Corporation's Common Stock or of another class of the Corporation's stock), stock split, or similar transaction, appropriate and proportionate adjustments may be made by the Committee in the number and/or kind of shares which are subject to purchase under outstanding options and in the exercise price applicable to such outstanding options. In addition, in any such event, the number and/or kind of shares which may be offered in the Offerings shall also be proportionately adjusted.

11.03. AMENDMENT AND TERMINATION

The Board shall have complete power and authority to terminate or amend the Plan; provided, however, that the Board shall not, without the approval of the stockholders of the Corporation, (i) increase the maximum number of shares which may be issued under the Plan (except pursuant to ss. 11.02); or (ii) amend the requirements as to the class of Employees eligible to purchase Common Stock under the Plan or permit the members of the Committee or non-employee directors to purchase Common Stock under the Plan. No termination, modification, or amendment of the Plan may, without the consent of an Employee then having an option under the Plan to purchase Common Stock, adversely affect the rights of such Employee under the option as to payroll deductions previously credited to the Employee's account. The Plan shall not be amended more than once every 6 months, other than to comport with changes in the Code or the rules thereunder.

11.04. USE OF FUNDS

All payroll deductions received or held by the Corporation under this Plan may be used by the Corporation for any corporate purpose and the Corporation shall not be obligated to segregate such payroll deductions.

11.05. EFFECTIVE DATE

The Plan shall become effective as of March 31, 2000, subject to approval by the holders of a majority of the Common Stock present and represented at a special or annual meeting of the shareholders held within 12 months after the Plan is adopted by the Board. If the Plan is not so approved, the Plan shall not become effective, and all account balances under the Plan shall be distributed promptly to the contributing Employees.

11.06. NO EMPLOYMENT RIGHTS

The Plan does not, directly or indirectly, create in any Employee or class of Employees any right with respect to continuation of employment by the Corporation, and it shall not be deemed to interfere in any way with the Corporation's right to terminate, or otherwise modify, an Employee's employment at any time.

11.07. GOVERNING LAW

The laws of the State of Delaware, without regard to conflicts of laws principles, shall govern all matters relating to this Plan except to the extent they are superseded by federal law.

11.08. DESIGNATION OF BENEFICIARY

An Employee may file a written designation of a beneficiary who is to receive any Common Stock and/or cash credited to the Employee under this Plan in the event of such Employee's death prior to the delivery to him or her of such Common Stock and/or cash. Such designation of beneficiary may be changed by the Employee at any time by written notice to the Treasurer of the Corporation. Upon the death of an Employee and upon receipt of the Corporation of proof of identity and existence at the Employee's death of a beneficiary validly designated by him or her under the Plan, the Corporation shall deliver such Common Stock and/or cash to such beneficiary. In the event of the death of an Employee and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Employee's death, the Corporation shall deliver such Common Stock and/or cash to the executor or administrator of the estate of the Employee, or if no such executor or administrator has been appointed (to the knowledge of the Corporation), the Corporation, in its sole discretion, may deliver such Common Stock and/or cash to the spouse or to any one or more dependents or relatives of the Employee, or if no spouse, dependent, or relative is known to the Corporation, then to such other person as the Corporation may designate. No designated beneficiary shall, prior to the death of the Employee by whom he or she has been designated, acquire any interest in the Common Stock or cash credited to the Employee under this Plan.