SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-K

(Mark One)
X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2000.

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _______ to _______

COMMISSION FILE NUMBER 0-14703

NBT BANCORP INC.
(Exact name of registrant as specified in its charter)

DELAWARE 16-1268674
(State of Incorporation)(IRS Employer Identification No.)

52 SOUTH BROAD STREET, NORWICH, NEW YORK 13815
(Address of principal executive offices)(Zip Code)

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

Securities Registered Pursuant to Section 12(b) of the Act: None
Securities Registered Pursuant to Section 12(g) of the Act:
Common Stock, $0.01 Par Value
Share Purchase Rights pursuant to Stockholder Rights Plan
(Title of Class)

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this FORM 10-K or any amendment to this FORM 10-K. _X_.
There are no delinquent filers to the Registrant's knowledge.

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

As of February 28, 2001, there were 23,804,327 shares outstanding of the Registrant's common stock, par value $0.01 per share, of which 22,340,763 common shares having a market value of $378,452,525 were held by nonaffiliates of the Registrant. There were no shares of the Registrant's preferred stock, par value $0.01, outstanding at that date. Rights to purchase shares of the Registrant's preferred stock Series R are attached to the shares of the Registrant's common stock.

Documents Incorporated by Reference

Portions of the Proxy Statement of NBT BANCORP INC. for the Annual Meeting of Stockholders to be held on May 3, 2001 are incorporated by reference into Part III of this FORM 10-K as detailed therein.

An index to exhibits follows the signature page of this Form 10-K.

CROSS REFERENCE INDEX

Part I.	Item 1	Business	
		Description of Business	4-9
		Average Balance Sheets	14
		Net Interest Income Analysis - Taxable Equivalent Basis	14
		Net Interest Income and Volume/Rate Variance - Taxable Equivalent Basis	15
		Securities Portfolio	17
		Debt Securities - Maturity Schedule	48
		Loans	16
		Maturities and Sensitivities of Loans to Changes in Interest Rates	16
		Nonperforming Assets	20
		Allowance for Loan Losses	21-22
		Maturity Distribution of Time Deposits	18
		Return on Equity and Assets	10
		Short-Term Borrowings	52
	Item 2	Properties	29
	Item 3	Legal Proceedings In the normal course of business there are various outstanding legal proceedings. In the opinion of management, the aggregate amount involved in such proceedings is not material to the financial condition or results of operations of the Company.	
	Item 4	Submission of Matters to a Vote of Security Holders There has been no submission of matters to a vote of stockholders during the quarter ended December 31, 2000.	
Part II.	Item 5	Market for the Registrant's Common Stock and Related Shareholder Matters	25,55
	Item 6	Selected Financial Data	10
	Item 7	Management's Discussion and Analysis of Financial Condition and Results of Operations	10-28
	Item 7A	Quantitative and Qualitative Disclosure About Market Risk	22-24
	Item 8	Financial Statements and Supplementary Data	
		Consolidated Balance Sheets at December 31, 2000 and 1999	32
		Consolidated Statements of Income for each of the years in three-year period ended	

	December 31, 2000	33
	Consolidated Statements of Changes in Stockholders' Equity for each of the years in the three-year period ended December 31, 2000	34
	Consolidated Statements of Cash Flows for each of the years in the three-year period ended December 31, 2000	35
	Consolidated Statements of Comprehensive Income for each of the years in the three-year period ended December 31, 2000	36
	Notes to Consolidated Financial Statements	37-68
	Independent Auditors' Report	31

Item 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure There have been no changes in or disagreements with accountants on accounting and financial disclosures.

CROSS REFERENCE INDEX

Part III.	Item 10	Directors and Executive Officers of the Registrant	*
	Item 11	Executive Compensation	*
	Item 12	Security Ownership of Certain Beneficial Owners and Management	*
	Item 13	Certain Relationships and Related Transactions	*
Part IV.	Item 14	Exhibits, Financial Statement Schedules, and Reports on 8-K	
		(a)(1) Financial Statements (See Item 8 for Reference).	
		(2) Financial Statement Schedules normally required on Form 10-K are omitted since they are not applicable.	
		(3) Exhibits have been filed separately with the Commission and are available upon written request.	
		(b) Reports on Form 8-K.	69
		(c) Refer to item 14(a)(3) above.	
		(d) Refer to item 14(a)(2) above.	

* Information called for by Part III (Items 10 through 13) is incorporated by reference to the Registrant's Proxy Statement for the 2001 Annual Meeting of Stockholders filed with the Securities and Exchange Commission.

DESCRIPTION OF BUSINESS

Registrant. NBT Bancorp Inc. (the "Registrant") is a registered financial holding company incorporated in the state of Delaware in 1986, with its principal headquarters located in Norwich, New York. The Registrant is the parent holding company of NBT Bank, N.A. ("NBT Bank"), Pennstar Bank, N.A. ("Pennstar Bank") (collectively the "Banks") and NBT Financial Services, Inc. The Registrant's primary business consists of providing commercial banking and financial services to its customers in its market area through its three direct operating subsidiaries. The principal assets of the Registrant are all of the outstanding shares of common stock of its direct subsidiaries, and its principal source of revenue is the management fees and dividends it receives from these subsidiaries. The Registrant and all of its subsidiaries had 758 full-time and 136 part-time employees at December 31, 2000. The Registrant is not a party to any collective bargaining agreements, and employee relations are considered to be good.

Subsidiaries. NBT Bank is a full service commercial bank formed in 1856, which provides a broad range of financial products to individuals, corporations and municipalities throughout its Central and Northern New York market area. NBT Bank has 37 branch locations and 57 automated teller machines. NBT Bank has two operating subsidiaries, NBT Capital Corp. and NBT Investment Company, Inc. NBT Capital Corp., formed in 1998, is a venture capital corporation formed to assist young businesses develop and grow in the markets we serve. NBT Investment Company, Inc., formed in 2000, is a registered investment company.

Pennstar Bank is a full service commercial bank formed in 1910, which provides a broad range of financial products to individuals, corporations and municipalities throughout its Northeastern Pennsylvania market area. Pennstar Bank has 41 branch locations and 66 automated teller machines. Pennstar Bank has two operating subsidiaries, LA Lease, Inc. and Pennstar Realty Trust. LA Lease, Inc., formed in 1987, provides automobile and equipment leases to individuals and small business entities. Pennstar Realty Trust, formed in 2000, is a real estate investment trust.

NBT Financial Services, Inc., formed in 1999, is the parent company of two operating subsidiaries, Pennstar Financial Services, Inc. and M. Griffith, Inc. Pennstar Financial Services, Inc., formed in 1997, offers a variety of financial services products. M. Griffith, Inc., formed in 1951, is a registered securities broker-dealer which also offers financial and retirement planning as well as life, accident and health insurance.

Acquisitions. On February 17, 2000, NBT completed its acquisition of Lake Ariel Bancorp, Inc., the parent holding company of LA Bank, N.A., in exchange for 4,986,503 shares of NBT Bancorp Inc. common stock. Upon completion of the merger, which was structured as a tax-free merger and accounted for as a pooling of interests, LA Bank became a wholly-owned subsidiary of the Registrant.

On May 5, 2000, NBT completed its acquisition of M. Griffith, Inc.

On July 1, 2000, NBT completed its acquisition of Pioneer American Holding Company Corp., the parent holding company of Pioneer American Bank, N.A., in exchange for 5,169,458 shares of NBT Bancorp Inc. common stock. Upon completion of the merger, which was structured as a tax-free merger and accounted for as a pooling of interests, Pioneer American Bank became a wholly-owned subsidiary of the Registrant. LA Bank, N.A. effected a name change on November 10, 2000 to Pennstar Bank, N.A. and on December 9, 2000, Pioneer American Bank, N.A. merged into Pennstar Bank, N.A.

COMPETITION

The banking business is extremely competitive, and each of the Banks encounters intense competition from other financial institutions located within its market area. The Banks 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.

SUPERVISION AND REGULATION

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 the Registrant. 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 the Registrant or its subsidiaries may have a material effect on their business.

Various governmental requirements, including Sections 23A and 23B of the Federal Reserve Act, limit borrowings by the Registrant from the Banks and also limit various other transactions between the Registrant and the Banks. 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, 2000, approximately $6.2 million was available for loans to the Registrant from NBT Bank and approximately $6.1 million was available for loans to the Registrant from Pennstar 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, the Registrant and its 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 and Pennstar Bank are subject to primary supervision, regulation, and examination by the Office of the Comptroller of the Currency ("OCC") and secondary regulation by the Federal Deposit Insurance Corporation ("FDIC") and the Federal Reserve Board ("FRB"). NBT Bank and Pennstar Bank are subject to extensive federal statutes and regulations that significantly affect their business and activities. NBT Bank and Pennstar Bank must file reports with their regulators concerning their activities and financial condition and obtain regulatory approval to enter into certain transactions. NBT Bank and Pennstar 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.

The Registrant and its 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 Board of Governors of the Federal Reserve System (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 deposits. 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 financial 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 financial 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. The Registrant is the sole stockholder of NBT Bank and Pennstar 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 financial holding company's bankruptcy, any commitment by the financial 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 the default of a commonly controlled FDIC-insured depository institution or 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. The Registrant is 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 financial 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 financial holding company's capital, in turn, includes the following tiers: 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 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.

The Registrant, like other financial holding companies, is 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 its total risk-weighted assets (including certain off-balance-sheet items, such as unused lending commitments and standby letters of credit), respectively. At December 31, 2000, the Registrant met both requirements, with Tier 1 and total capital equal to 10.25 percent and 11.48 percent of total risk-weighted assets.

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 financial holding companies to maintain a minimum "Leverage Ratio" (Tier 1 capital to adjusted total assets) of 3 percent if the financial 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, 2000, the Registrants' leverage ratio was 7.10 percent.

The Federal Reserve Board may set capital requirements higher than the minimums noted above for holding companies whose circumstances warrant it. For example, financial 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 indications of capital strength in evaluating proposals for expansion or new activities or when a financial holding company faces unusual or abnormal risks. The Federal Reserve Board has not advised NBT of any specific minimum leverage ratio applicable to it.

NBT Bank and Pennstar Bank are subject to similar risk-based capital and leverage requirements adopted by the OCC. NBT Bank and Pennstar Bank were in compliance with the applicable minimum capital requirements as of December 31, 2000. The OCC has not advised NBT Bank or Pennstar 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 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. It should be noted 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 is well capitalized, or 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. The Registrant is a legal entity separate and distinct from NBT Bank and Pennstar Bank. In general, under the law of the state of its incorporation, the Registrant cannot pay a cash dividend if such payment would render it insolvent. The revenues of the Registrant consist primarily of dividends paid by NBT Bank and Pennstar Bank. Various federal and state statutory provisions limit the amount of dividends NBT Bank and Pennstar Bank can pay to the Registrant without regulatory approval. Dividend payments by national banks are limited to the lesser of the level of undivided profits and, 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, 2000, approximately $1.3 million and $3.8 million of the total stockholders' equity of NBT Bank and Pennstar Bank, respectively, were available for payment of dividends to the Registrant without approval by the OCC.

In addition, federal bank regulatory authorities have authority to prohibit NBT Bank and Pennstar 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 Pennstar 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 and Pennstar 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 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. During 2000, BIF-insured banks paid an average rate of approximately $0.021 per $100 for purposes of funding FICO bond obligations, resulting in an assessment of $226,921 for NBT Bank and $141,753 for Pennstar Bank. The assessment rate for BIF member institutions has been set at approximately $0.020 per $100 annually for the first quarter of 2001.

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

financial holding companies such as the Registrant are permitted to acquire banks and bank holding companies located in any state;

any bank that is a subsidiary of a financial 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 financial holding company; and

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 financial 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 financial holding company with a class of securities registered under Section 12 of the Exchange Act, such as the Registrant, 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 financial holding company) or more of any class of outstanding common stock of a financial holding company, such as the Registrant, or otherwise obtaining control or a "controlling influence" over that financial holding company.

Financial Modernization. The Gramm-Leach-Bliley Act permits qualifying bank holding companies, after March 11, 2000, 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 Gramm-Leach-Bliley 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 Gramm-Leach-Bliley 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, including, 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 Gramm-Leach-Bliley Act.

The Gramm-Leach-Bliley Act does not significantly alter the regulatory regimes under which the Registrant and the Banks currently operate, as described above. While certain business combinations not previously permissible became possible after March 11, 2000, the Registrant cannot predict at this time resulting changes in the competitive environment or the financial condition of itself or the Banks. Using the financial holding company structure, insurance companies and securities firms may acquire bank holding companies, such as the Registrant, and may compete more directly with banks or bank holding companies. In April 2000, the Registrant filed a declaration of election with the Federal Reserve Board to be treated as a financial holding company pursuant to the Gramm-Leach-Bliley Act. The election was declared effective by the Federal Reserve Board as of April 28, 2000. Pursuant to its authority as a financial holding company to acquire a company engaged in activities that are financial in nature or incidental to a financial activity, the Registrant acquired M. Griffith, Inc. on May 5, 2000.

Future Legislation. Various legislation, including proposals to substantially change the financial institution regulatory system, modify the federal deposit insurance system, and expand or contract the powers of banking institutions, bank holding companies and financial holding companies, is from time to time introduced in 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, insurance companies, securities firms, savings associations, credit unions, and other financial institutions. The Registrant cannot 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 itself or any of its subsidiaries.

FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA

(in thousands, except per share data)	2000	1999	1998	1997	1996
YEAR ENDED DECEMBER 31,					
Interest, fee and dividend income	$ 190,531	$ 164,872	$ 158,428	$ 147,338	$ 129,020
Interest expense	96,021	75,458	74,712	68,892	57,422
Net interest income	94,510	89,414	83,716	78,446	71,598
Provision for loan losses	8,678	5,440	6,149	4,820	4,325
Noninterest income excluding securities gains (losses)	20,432	17,279	16,164	13,894	12,358
Securities gains (losses)	(1,216)	1,803	1,567	34	1,222
Noninterest expense	93,862	62,917	61,254	54,460	52,168
Income before income taxes	11,186	40,139	34,044	33,094	28,685
Net income	7,191	26,257	26,895	22,188	18,914
PER COMMON SHARE*					
Basic earnings	$ 0.31	$ 1.14	$ 1.16	$ 1.00	$ 0.86
Diluted earnings	$ 0.30	$ 1.12	$ 1.14	$ 0.98	$ 0.85
Cash dividends paid	$ 0.680	$ 0.656	$ 0.587	$ 0.421	$ 0.338
Stock dividends distributed	-	5%	5%	5%	5%
Book value at year-end	$ 8.77	$ 8.24	$ 8.84	$ 8.31	$ 7.21
Tangible book value at year-end	$ 7.60	$ 7.85	$ 8.39	$ 7.89	$ 6.69
Average diluted common shares outstanding	23,600	23,414	23,691	22,698	22,287
AT DECEMBER 31,					
Securities available for sale, at fair value	$ 576,372	$ 606,727	$ 553,954	$ 608,709	$ 518,245
Securities held to maturity	102,413	113,318	182,170	120,834	81,525
Loans	1,726,482	1,466,867	1,277,241	1,157,548	1,036,146
Allowance for loan losses	24,349	19,711	18,231	16,450	15,053
Assets	2,655,788	2,380,673	2,169,855	2,018,784	1,767,105
Deposits	2,040,238	1,777,091	1,664,307	1,588,276	1,465,461
Short-term borrowings	132,375	142,267	99,872	137,077	88,544
Long-term debt	234,872	251,970	183,968	84,912	40,493
Stockholders' equity	208,021	191,472	204,038	192,556	157,699
KEY RATIOS					
Return on average assets	0.29%	1.16%	1.27%	1.15%	1.10%
Return on average equity	3.60%	13.17%	13.53%	13.24%	12.40%
Average equity to average assets	7.98%	8.79%	9.41%	8.68%	8.90%
Net interest margin	4.12%	4.32%	4.34%	4.45%	4.60%
Efficiency	59.11%	57.41%	60.45%	57.73%	60.75%
Cash dividend per share payout	226.67%	58.57%	51.49%	42.96%	39.76%
Tier 1 leverage (Regulatory guideline 3%)	7.10%	8.63%	8.81%	9.08%	8.55%
Tier 1 risk-based capital (Regulatory guideline 4%)	10.25%	13.78%	14.68%	15.44%	13.90%
Total risk-based capital (Regulatory guideline 8%)	11.48%	14.95%	15.87%	16.64%	15.11%

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The financial review which follows focuses on the factors affecting the consolidated financial condition and results of operations of NBT Bancorp Inc. ("NBT") and its wholly owned subsidiaries, NBT Bank, N.A. ("NBT Bank"), Pennstar Bank, N.A. ("Pennstar"), and NBT Financial Services, Inc. during 2000 and, in summary form, the preceding two years. Collectively, NBT and its subsidiaries are referred to herein as "the Company". Net interest income and net interest margin are presented in this discussion on a fully taxable equivalent (FTE) basis. Average balances discussed are daily averages unless otherwise described. The consolidated financial statements and related notes as of December 31, 2000 and 1999 and for each of the years in the three year period ended December 31, 2000 should be read in conjunction with this review. Amounts in prior period consolidated financial statements are reclassified whenever necessary to conform to the 2000 presentation.

The Company's primary market area, with 78 branches, is central and northern New York and northeast Pennsylvania. The Company has been, and intends to continue to be, a community-oriented financial institution offering a variety of financial services. The Company's principal business is attracting deposits from customers within its market area and investing those funds primarily in loans, and, to a lesser extent, in marketable securities. The financial condition and operating results of the Company are dependent on its net interest income which is the difference between the interest and dividend income earned on its earning assets and the interest expense paid on its interest bearing liabilities, primarily consisting of deposits and borrowings. Net income is also affected by provisions for loan losses and noninterest income, such as service charges on deposit accounts, broker/dealer fees, trust fees, and gains/losses on securities sales; it is also impacted by noninterest expense, such as salaries and employee benefits, as well as merger, acquisition and reorganization costs.

The Company's results of operations are significantly affected by general economic and competitive conditions (particularly changes in market interest rates), government policies, changes in accounting standards, and actions of regulatory agencies. Future changes in applicable laws, regulations, or government policies may have a material impact on the Company. Lending activities are substantially influenced by the demand for and supply of housing, competition among lenders, the level of interest rates, the state of the local and regional economy, and the availability of funds. The ability to gather deposits and the cost of funds are influenced by prevailing market interest rates, fees and terms on deposit products, as well as the availability of alternative investments including mutual funds and stocks.

FORWARD LOOKING STATEMENTS

Certain statements in this filing and future filings by the Company with the Securities and Exchange Commission, in the Company's press releases or other public or shareholder communications, or in oral statements made with the approval of an authorized executive officer, contain forward-looking statements, as defined in the Private Securities Litigation Reform Act. These statements may be identified by the use of phrases such as "anticipate," "believe," "expect," "forecasts," "projects," or other similar terms. There are a number of factors, many of which are beyond the Company's control that could cause actual results to differ materially from those contemplated by the forward looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities: (1) competitive pressures among depository and other financial institutions may increase significantly; (2) revenues may be lower than expected; (3) changes in the interest rate environment may reduce interest margins; (4) general economic conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit; (5) legislative or regulatory changes, including changes in accounting standards, may adversely affect the businesses in which the Company is engaged; (6) costs or difficulties related to the integration of the businesses of the Company and its merger partners may be greater than expected; (7) expected cost savings

associated with recent mergers and acquisitions may not be fully realized or realized within the expected time frames; (8) deposit attrition, customer loss, or revenue loss following recent mergers and acquisitions may be greater than expected; (9) competitors may have greater financial resources and develop products that enable such competitors to compete more successfully than the Company; and (10) adverse changes may occur in the securities markets or with respect to inflation.

The Company wishes to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made, and to advise readers that various factors, including those described above, could affect the Company's financial performance and could cause the Company's actual results or circumstances for future periods to differ materially from those anticipated or projected.

The Company does not undertake, and specifically disclaims any obligations to publicly release the result of any revisions that may be made to any forward-looking statements to reflect statements to the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

MERGER AND ACQUISITION ACTIVITY

On February 17, 2000, the Company consummated a merger, whereby Lake Ariel Bancorp, Inc. (Lake Ariel) and its subsidiaries were merged with and into the Company with each issued and outstanding share of Lake Ariel exchanged for 0.9961 of a share of NBT common stock. The transaction resulted in the issuance of approximately 5.0 million shares of NBT common stock. Lake Ariel's commercial banking subsidiary was LA Bank, N.A.

On July 1, 2000, the Company consummated a merger, whereby Pioneer American Holding Company Corp. (Pioneer Holding Company) and its subsidiary were merged with and into the Company with each issued and outstanding share of Pioneer Holding Company exchanged for 1.805 shares of NBT common stock. The transaction resulted in the issuance of approximately 5.2 million shares of NBT common stock. Pioneer Holding Company's commercial banking subsidiary was Pioneer American Bank, N.A.

The Lake Ariel and Pioneer Holding Company mergers qualified as tax-free exchanges and were accounted for as poolings-of-interests. accordingly, these consolidated financial statements have been restated to present the combined consolidated financial condition and results of operations of all companies as if the mergers had been in effect for all years presented.

LA Bank, N.A. and Pioneer American Bank, N.A. were commercial banks headquartered in northeast Pennsylvania with approximately $570 million and $420 million, respectively, in assets at December 31, 1999, and twenty-two and eighteen branch offices, respectively, in five counties. Immediately following the mergers described above, NBT was the surviving holding company for NBT Bank, LA Bank, N.A., Pioneer American Bank, N.A. and NBT Financial Services, Inc. LA Bank, N.A. effected a name change on November 10, 2000 to Pennstar Bank, N.A. and on December 9, 2000, Pioneer American Bank, N.A. merged into Pennstar Bank, N.A.

On May 5, 2000, the Company consummated the acquisition of M. Griffith, Inc., a Utica, New York based securities firm offering investment, financial advisory and asset-management services, primarily in the Mohawk Valley region. At that time, M. Griffith, Inc., a full-service broker-dealer and a Registered Investment Advisor, became a wholly-owned subsidiary of NBT Financial Services, Inc. The acquisition was accounted for using the purchase method. As such, both the assets acquired and liabilities assumed have been recorded on the consolidated balance sheet of the Company at estimated fair value as of the date of acquisition. M. Griffith, Inc.'s results of operations are included in the Company's consolidated statement of income from the date of acquisition forward. To complete the transaction, the Company issued approximately 421,000 shares of its common stock, valued at $4.8 million. Goodwill, representing the cost over net assets acquired, was $3.4 million and is being amortized over fifteen years on a straight-line basis.

On June 2, 2000, one of NBT's subsidiaries, LA Bank, N.A., purchased two branches from Mellon Bank. Deposits from the Mellon Bank branches were approximately $36.7 million, including accrued interest payable. In addition, the Company received approximately $32.2 million in cash as consideration for net liabilities assumed. The acquisition was accounted for using the purchase method. As such, both the assets acquired and liabilities assumed have been recorded on the consolidated balance sheet of the Company at estimated fair value as of the date of the acquisition. Goodwill, representing the excess of cost over net assets acquired, was $4.3 million and is being amortized over 15 years on the straight-line basis. The branches' results of operations are included in the Company's consolidated statement of income from the date of acquisition forward.

On November 10, 2000, Pennstar Bank, N.A. purchased six branches from Sovereign Bank. deposits from Sovereign Bank branches were approximately $96.8 million, including accrued interest payable. Pennstar Bank, N.A. also purchased commercial loans associated with the branches with a net book balance of $42.4 million. In addition, the Company received $40.9 million in cash consideration for net liabilities assumed. The acquisition was accounted for using the purchase method. As such, both the assets acquired and liabilities assumed have been recorded on the consolidated balance sheet of the Company at estimated fair value as of the date of the acquisition. Goodwill, representing the excess of cost over net assets acquired, was $12.7 million and is being amortized over 15 years on a straight-line basis. The branches' results of operations are included in the Company's consolidated statement of income from the date of acquisition forward.

On January 2, 2001, the Company announced the signing of a definitive agreement to acquire First National Bancorp, Inc. (FNB) and its wholly owned subsidiary, The First National Bank of Northern New York (FNB Bank). FNB Bank is expected to be merged into NBT Bank, N.A. In the acquisition, shareholders of FNB will receive five shares of NBT common stock for each share of FNB common stock. NBT is expected to issue approximately 1.0 million shares of common stock, with a total value of approximately $15 million, based on the closing price of NBT stock on January 2, 2001. The acquisition is structured to be tax-free to shareholders of FNB and will be accounted for using the purchase method of accounting. Closing the acquisition is subject to approval by FNB's shareholders and regulatory authorities, and is expected to occur in the second quarter of 2001. At December 31, 2000, FNB had consolidated assets of $114.2 million, deposits of $102.8 million and equity of $10.0 million. FNB Bank operates six full-service banking locations in New York State's North Country. NBT also announced a plan to repurchase in the market approximately 1 million shares of its common stock specifically for issuance in the transaction.

OVERVIEW

The Company earned net income of $7.2 million ($0.30 diluted earnings per share) for the year ended December 31, 2000, compared to net income of $26.3 million ($1.12 diluted earnings per share) for the year ended December 31, 1999. Recurring net income, which excludes the after-tax effect of costs related to merger and acquisition activity, reorganizations, and net security transactions was $25.8 million ($1.09 million diluted earnings per share) during 2000 compared to $25.6 million ($1.09 diluted earnings per share) of recurring net income during 1999. The increase in recurring net income from 1999 to 2000 was primarily due to an increase in net interest income, total noninterest income excluding net security losses, and a reduction in tax expense, which were substantially offset by an increase in the provision for loan losses and total noninterest expense, excluding merger, acquisition and reorganization costs. Net income was $26.9 million ($1.14 diluted earnings per share) for the year ended December 31, 1998, and includes a $3.8 million net income tax benefit recognized in connection with a corporate realignment. Income before taxes for the year ended December 31, 1999 of $40.1 million improved $6.1 million (17.9%) over 1998.

Net interest income increased $5.6 million, or 6.0%, to $98.0 million in 2000 as compared to the prior year, primarily due to growth in earning assets, particularly loans, and an increase in the yield earned on these earning assets, offset in part by increased averages of interest bearing liabilities and an increase in the cost of interest bearing liabilities. When comparing 1999 to 1998, net interest income increased $6.4 million, or 7.5%. The increase in net interest income was primarily the result of growth in earning assets, primarily loans, and a reduction in the rate paid on average interest bearing liabilities,

offset in part by a decline in the yield earned on those earning assets, and an increase in average interest bearing liabilities.

ASSET/LIABILITY MANAGEMENT

The Company attempts to maximize net interest income, and net income, while actively managing its liquidity and interest rate sensitivity through the mix of various core deposit products and other sources of funds, which in turn fund an appropriate mix of earning assets. The changes in the Company's asset mix and sources of funds, and the resultant impact on net interest income are discussed below.

TABLE 1
AVERAGE BALANCES AND NET INTEREST INCOME
The following table includes the condensed consolidated average balance sheet, an analysis of interest income/expense and average yield/rate for each major category of earning assets and interest bearing liabilities on a taxable equivalent basis. Interest income for tax-exempt securities and loans has been adjusted to a taxable-equivalent basis using the statutory Federal income tax rate of 35%.

	2000			1999			1998		
(dollars in thousands)	AVERAGE BALANCE	INTEREST	YIELD/ RATES	Average Balance	Interest	Yield/ Rates	Average Balance	Interest	Yield/ Rates
ASSETS									
Short-term interest bearing accounts	$ 11,136	$ 728	6.54%	$ 14,695	$ 708	4.82%	$ 19,757	1,011	5.12%
Securities available for sale (2)	625,524	41,977	6.71	622,517	41,149	6.61	545,674	36,562	6.70
Securities held to maturity (2)	110,164	7,665	6.96	108,573	7,568	6.97	175,271	12,844	7.33
Investment in FRB and FHLB Banks	27,650	2,018	7.30	26,376	1,754	6.65	24,176	1,688	6.98
Loans (1)	1,604,791	141,601	8.82	1,366,265	116,687	8.54	1,217,489	108,595	8.92
Total earning assets	2,379,265	193,989	8.15	2,138,426	167,866	7.85	1,982,367	160,700	8.11
Other assets	126,245			130,007			129,778		
TOTAL ASSETS	$2,505,510			$2,268,433			$2,112,145		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Money market deposit accounts	$ 139,181	5,066	3.64	$ 130,753	3,885	2.97	122,277	3,583	2.93
NOW deposit accounts	210,971	4,212	2.00	197,433	3,375	1.71	179,461	3,455	1.93
Savings deposits	269,494	6,732	2.50	266,601	6,433	2.41	251,716	6,306	2.51
Time deposits	1,001,308	57,781	5.77	848,363	42,872	5.05	840,909	45,529	5.41
Total interest bearing deposits	1,620,954	73,791	4.55	1,443,150	56,565	3.92	1,394,363	58,873	4.22
Short-term borrowings	145,876	8,777	6.02	122,146	6,011	4.92	117,411	6,177	5.26
Long-term debt	239,518	13,453	5.62	232,304	12,882	5.55	164,444	9,662	5.88
Total interest bearing liabilities	2,006,348	96,021	4.79%	1,797,600	75,458	4.20%	1,676,218	74,712	4.46%
Demand deposits	273,849			251,661			219,724		
Other liabilities	25,349			19,810			17,360		
Stockholders' equity	199,964			199,362			198,843		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$2,505,510			$2,268,433			$2,112,145		
NET INTEREST INCOME		$ 97,968			$92,408			$85,988	
NET INTEREST MARGIN			4.12%			4.32%			4.34%
Taxable equivalent adjustment		$ 3,458			$ 2,994			$ 2,272	

(1) For purposes of these computations, nonaccrual loans are included in the average loan balances outstanding.
(2) Securities are shown at average amortized cost.

EARNING ASSETS

Total average earning assets increased $240.8 million for the year ended December 31, 2000, to $2.4 billion in 2000. This increase is primarily the result of continued loan growth at the Company, particularly in commercial type loans. Interest income for the year ended December 31, 2000 was $194.0 million, up $26.1 million, or 15.6%, from 1999. The increase in interest income was caused by both the increase in earning assets and the increase in yields. The yield on earning assets increased from 7.85% in 1999 to 8.15% in 2000. The increase in yield was primarily the result of the rising interest rate environment that prevailed for most of 2000, and the change in the Company's mix of earning assets, with a greater percentage of the Company's earning assets invested in higher yielding loans. During 1999, loans were 63.9% of average earning assets, while in 2000, loans made up 67.4% of average earning assets.

The following table presents changes in interest income and interest expense attributable to changes in volume (change in average balance multiplied by prior year rate), changes in rate (change in rate multiplied by prior year volume), and the net change in net interest income. The net change attributable to the combined impact of volume and rate has been allocated to each in proportion to the absolute dollar amounts of change.

TABLE 2
ANALYSIS OF CHANGES IN TAXABLE EQUIVALENT NET INTEREST INCOME

	INCREASE (DECREASE) 2000 OVER 1999			Increase (Decrease) 1999 over 1998		
(in thousands)	VOLUME	RATE	TOTAL	Volume	Rate	Total
Short-term interest bearing accounts	$ (196)	$ 216	$ 20	$ (247)	$ (56)	$ (303)
Securities available for sale	199	629	828	5,085	(498)	4,587
Securities held to maturity	111	(14)	97	(4,676)	(600)	(5,276)
Investment in FRB and FHLB Banks	87	177	264	149	(83)	66
Loans	20,939	3,975	24,914	12,852	(4,760)	8,092
Total interest income	19,450	6,673	26,123	12,365	(5,199)	7,166
Money market deposit accounts	263	918	1,181	251	51	302
NOW deposit accounts	243	594	837	328	(408)	(80)
Savings deposits	70	229	299	364	(237)	127
Time deposits	8,343	6,566	14,909	400	(3,057)	(2,657)
Short-term borrowings	1,289	1,477	2,766	243	(409)	(166)
Long-term debt	404	167	571	3,790	(570)	3,220
Total interest expense	9,319	11,244	20,563	5,236	(4,490)	746
CHANGE IN FTE NET INTEREST INCOME	$10,131	$(4,571)	$ 5,560	$ 7,129	$ (709)	$ 6,420

Loans

The average balance of loans increased from $1.4 billion in 1999 to $1.6 billion in 2000. The yield on average loans increased from 8.54% in 1999 to 8.82% in 2000, as a rising interest rate environment prevailed for much of 2000. The increase in the average balance of loans, coupled with the increase in yields, caused interest income on loans to increase $24.9 million, or 21.4%, from $116.7 million in 1999 to $141.6 million in 2000. When comparing 1999 to 1998, average loans increased $148.8 million or 12.2%. The benefits of the increase in average loans was offset by a 38 basis point decline in the yield on average loans when compared to 1998. The decline in the yield earned on average loans in 1999 can be attributed to the declining interest rate environment.

Total loans were $1.7 billion at December 31, 2000, up from $1.5 billion at December 31, 1999. The increase in loans was primarily in the commercial and agricultural loan types, as management continues to focus on these areas. Commercial and agricultural loans were $499.9 million at December 31, 2000, up $168.3 million or 50.8% from December 31, 1999. Consumer loans also increased in 2000, from $268.7 million at December 31, 1999 to $304.3 million at December 31, 2000, an increase of $35.6 million or 13.2%. Home equity loans increased $60.0 million to $174.2 million at December 31, 2000. The increases in commercial, consumer and home equity loans were offset by a $29.9 million decrease in real estate mortgages, from $382.0 million at December 31, 1999 to $352.1 million at December 31, 2000. The following table reflects the loan portfolio by major categories as of December 31 for the years indicated.

TABLE 3
COMPOSITION OF LOAN PORTFOLIO

December 31,	2000	1999	1998	1997	1996
(in thousands)					
Residential real estate mortgages	$352,098	$381,961	$371,133	$335,991	$299,590
Commercial real estate mortgages	354,540	347,191	305,564	269,523	227,322
Real estate construction and development	41,466	23,188	14,983	10,911	13,669
Commercial and agricultural	499,854	331,535	252,508	211,486	184,664
Consumer	304,283	268,703	237,234	247,573	253,185
Home equity	174,241	114,289	95,819	82,064	57,716
Total loans	$1,726,482	$1,466,867	$1,277,241	$1,157,548	$1,036,146

Real estate mortgages consist primarily of loans secured by first or second deeds of trust on primary residencies. Loans in the commercial and agricultural category, as well as commercial real estate mortgages, consist primarily of short-term and/or floating rate commercial loans made to small to medium-sized companies. Consumer loans consist primarily of installment credit to individuals secured by automobiles and other personal property.

The following table, Maturities and Sensitivities of Loans to Changes in Interest Rates, are the maturities of the loan portfolio and the sensitivity of loans to interest rate fluctuations at December 31, 2000. Scheduled repayments are reported in the maturity category in which the contractual payment is due.

TABLE 4
MATURITIES AND SENSITIVITIES OF LOANS TO CHANGES IN INTEREST RATES

REMAINING MATURITY AT DECEMBER 31, 2000	WITHIN ONE YEAR	AFTER ONE YEAR BUT WITHIN FIVE YEARS	AFTER FIVE YEARS	TOTAL
(in thousands)				
Floating/adjustable rate:				
Commercial and agricultural	$67,995	$ 69,621	$ 28,520	$166,136
Real estate construction and development	14,545	-	-	14,545
Total floating rate loans	82,540	69,621	28,520	180,681
Fixed Rate:				
Commercial and agricultural	124,259	163,131	46,328	333,718
Real estate construction and development	6,506	7,335	13,080	26,921
Total fixed rate loans	130,765	170,466	59,408	360,639
Total	$213,305	$ 240,087	$ 87,928	$541,320

Securities

The average balance of securities available for sale was $625.5 million during 2000, which is an increase of $3.0 million, or 0.5%, from $622.5 million in 1999. The increase is primarily the result of a leveraging strategy undertaken in the middle of 1999. The Company, for the most part, invested funds from maturing securities available for sale into loans during 2000, as there were very few purchases of securities available for sale. The yield on average securities available for sale was 6.71% in 2000 compared to 6.61% in 1999. The increase in the average balance, coupled with the increase in yield, resulted in a increase in interest income on securities available for sale of $828,000, from $41.1 million in 1999 to $42.0 million in 2000.

The average balance of securities held to maturity was $110.2 million during 2000, which is an increase of $1.6 million, from $108.6 million in 1999. The increase is primarily the result of a leveraging strategy undertaken in the middle of 1999. The Company, for the most part, invested funds from maturing securities held to maturity into loans during 2000, as there were very few purchases of securities held to maturity. The yield on securities held to maturity was 6.96% in 2000 compared to 6.97% in 1999. Interest income on securities held to maturity increased $97,000, from $7.6 million in 1999 to $7.7 million during 2000. The following table presents the amortized cost and fair market value of the securities portfolio as of December 31 for the years indicated.

TABLE 5
SECURITIES PORTFOLIO

As of December 31,	2000		1999		1998	
(in thousands)	AMORTIZED COST	FAIR VALUE	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Securities Available for Sale:						
U.S. Treasury	$ 10,393	$ 9,922	$ 10,400	$ 8,535	$ 10,406	$ 10,481
Federal Agency and mortgage-backed	474,356	470,506	534,042	507,758	473,727	479,266
State & Municipal, collateralized mortgage obligations and other securities	96,465	95,944	97,122	90,434	32,876	33,507
Total securities available for sale	$ 581,214	$ 576,372	$ 641,564	$ 606,727	$ 517,009	$ 523,254
Securities Held to Maturity:						
Federal Agency and mortgage-backed	46,376	45,528	51,578	48,568	122,921	122,871
State & Municipal	55,990	56,258	61,730	60,569	55,799	56,914
Other securities	47	47	10	10	1,943	1,956
Total securities held to maturity	$ 102,413	$ 101,833	$ 113,318	$ 109,147	$ 180,663	$ 181,741

The fair value of securities available for sale totaled $576.4 million at December 31, 2000, compared to $606.7 million at December 31, 1999. In late December 2000, the Company decided to sell certain lower yielding federal agencies and mortgage backed securities with an amortized cost of $21.7 million and used the proceeds to pay down existing higher rate debt. These lower yielding securities had net unrealized losses of approximately $1.4 million at December 31, 2000. As a result of the decision to immediately sell these securities, they were considered to be other than temporarily impaired, and the net loss was recorded in the Company's consolidated statement of income for the year ended December 31, 2000. These securities were sold in early January 2001 at a loss approximating the loss recorded in 2000. These securities were presented on the Company's December 31, 2000 consolidated balance sheet as trading securities. Securities held to maturity were $102.4 million at December 31, 2000, compared to $113.3 million at December 31, 1999. During 2000, funds from the maturity of securities available for sale and securities held to

maturity were primarily invested in loans. Additionally, the available for sale portfolio appreciated in value by $29.0 million during 2000.

FUNDING SOURCES

The Company utilizes traditional deposit products such as time, savings, NOW, money market, and demand deposits as its primary source for funding. Other sources, such as short-term FHLB advances, federal funds purchased, securities sold under agreements to repurchase, brokered time deposits, and long-term FHLB borrowings are utilized as necessary to support the Company's growth in assets and to achieve interest rate sensitivity objectives. The average balance of interest-bearing liabilities increased $208.7 million, or 11.6 %, from $1.8 billion in 1999 to $2.0 billion in 2000. The rate paid on interest-bearing liabilities increased from 4.20% in 1999 to 4.79% in 2000. The increase in average balance, coupled with the increase in rates paid, caused an increase in interest expense of $20.5 million, or 27.2%, from $75.5 million in 1999 to $96.0 million in 2000.

Deposits

Average interest bearing deposits increased $177.8 million, or 12.3%, during 2000, to $1.6 billion. The Company purchased approximately $133.7 million in deposits in conjunction with the purchase of branches from Mellon Bank and Sovereign Bank in June and November of 2000, respectively. In addition, most of the increase in average interest bearing deposits was in time deposits, which increased $152.9 million, from $848.4 million in 1999 to $1.0 billion in 2000. The increase in time deposits was primarily the result of the increase in time deposits greater than $100,000 which includes brokered CD's. Brokered CD's were approximately $49.4 million at December 31, 1999 and $130.5 million at December 31, 2000 and time deposits greater than $100,000 were approximately $503.8 million at December 31, 2000 as compared to $383.4 million at December 31, 1999, up 31.4%.

The average rate paid on interest bearing deposits increased from 3.92% in 1999 to 4.55% in 2000. The increase in the average rate paid was again primarily attributable to time deposits, which are the most expensive interest bearing deposit. The average rate paid on time deposits during 2000 was 5.77%, as compared to 5.05% during 1999. Time deposits also made up a greater percentage of total interest bearing liabilities. During 1999, time deposits were 58.8% of interest bearing deposits, while in 2000, time deposits made up 61.8% of total interest bearing deposits. The increase in the average rates paid for interest bearing liabilities during 2000 was also consistent with the rising interest rate environment that prevailed for most of the year. The increase in the average balance of interest bearing time deposits, coupled with the increase in the average rate paid, caused interest expense on interest bearing deposits to increase $17.2 million, from $56.6 million in 1999 to $73.8 million in 2000. The following table presents the maturity distribution of time deposits of $100,000 or more at December 31, 2000.

TABLE 6
MATURITY DISTRIBUTION OF TIME DEPOSITS OF $100,000 OR MORE

December 31,	2000
(in thousands)	
Within three months	$ 244,991
After three but within six months	106,776
After six but within twelve months	104,544
After twelve months	47,497
Total	$ 503,808

Borrowings

Average short-term borrowings increased from $122.1 million in 1999 to $145.9 million in 2000. Consistent with the increasing interest rate environment during most of 2000, the average rate paid also increased from 4.92% in 1999 to 6.02% in 2000. The increase in the average balance combined with the increase in the average rate paid caused interest expense on short-term borrowings to increase $2.8 million from $6.0 million in 1999 to $8.8 million in 2000.

Average long-term debt increased $7.2 million, from $232.3 million in 1999 to $239.5 million in 2000. The increase in the average balance, combined with the increase in the average rate paid form 5.55% in 1999 to 5.62% in 2000, caused a $571,000 increase in interest expense on long-term debt.

NET INTEREST INCOME

Net interest income for the year ended December 31, 2000 was $98.0 million, up from $92.4 million in 1999 and $86.0 million in 1998. The increase from 1999 to 2000 was primarily the result of the increase in average earning assets and the average yield earned on those average earning assets. The impact of these factors was offset by an increase in average interest-bearing liabilities and the average rates paid on those interest-bearing liabilities. As a result of these volume and rate fluctuations, the Company's net interest margin for the year ended December 31, 2000 was 4.12%, down from 4.32% in 1999.

RISK MANAGEMENT

CREDIT RISK

Credit risk is managed through a network of loan officers, credit committees, loan policies, and oversight from the senior credit officer and Board of Directors. Management follows a policy of continually identifying, analyzing, and grading credit risk inherent in each loan portfolio. An ongoing independent review, subsequent to management's review, of individual credits in the commercial loan portfolio is performed by the independent loan review function. These components of the Company's underwriting and monitoring functions are critical to the timely identification, classification, and resolution of problem credits.

Nonperforming Assets

Nonperforming assets include nonperforming loans (loans in nonaccrual status, loans past due 90 days or more and still accruing interest, and troubled debt restructured loans) and assets which have been foreclosed (other real estate owned). Foreclosed assets typically represent residential or commercial properties. The following table presents nonperforming loans and assets at December 31 for the years indicated.

TABLE 7
NONPERFORMING ASSETS

December 31,	2000	1999	1998	1997	1996
(dollars in thousands)					
Nonaccrual loans:					
Commercial and agricultural	$ 10,943	$ 6,141	$ 6,167	$ 6,452	$ 6,845
Real estate mortgages	647	618	744	692	251
Consumer	1,098	837	762	1,242	1,243
Total nonaccrual loans	12,688	7,596	7,673	8,386	8,339
Loans 90 days or more past due and still accruing:					
Commercial and agricultural	4,523	1,201	1,365	2,202	418
Real estate mortgages	3,042	641	761	244	344
Consumer	616	184	629	1,778	1,882
Total loans 90 days or more past due and still accruing	8,181	2,026	2,755	4,224	2,644
Restructured loans, in compliance with modified terms:	656	1,014	1,247	2,877	643
Total nonperforming loans	21,525	10,636	11,675	15,487	11,626
Other real estate owned	722	1,438	2,971	2,098	2,083
Total nonperforming assets	$ 22,247	$ 12,074	$ 14,646	$ 17,585	$ 13,709
Total nonperforming loans to loans	1.25%	0.73%	0.91%	1.34%	1.12%
Total nonperforming assets to assets	0.84%	0.51%	0.67%	0.87%	0.78%
Total allowance for loan losses to nonperforming loans	113.12%	185.32%	156.15%	106.22%	129.48%

Total nonperforming assets at December 31, 2000 were $22.2 million, or .84% of total assets, compared with $12.1 million or 0.51% of assets at December 31, 1999. Nonperforming loans at December 31, 2000 were $21.6 million as compared to $10.6 million at December 31, 1999. This increase is primarily the result of the continued process of integrating newly acquired banks into the Company given the Company's more conservative approach to identifying and resolving nonperforming loans.

Allowance and Provision for Loan Losses

The allowance for loan losses is maintained at a level estimated by management to provide adequately for risk of probable losses inherent in the current loan portfolio. The adequacy of the allowance for loan losses is continuously monitored. It is assessed for adequacy using a methodology designed to ensure the level of the allowance reasonably reflects the loan portfolio's risk profile. It is evaluated to ensure that it is sufficient to absorb all reasonably estimable credit losses inherent in the current loan portfolio.

For purposes of evaluating the adequacy of the allowance, the Company considers a number of significant factors that affect the collectibility of the portfolio. For individually analyzed loans, these include estimates of loss exposure, which reflect the facts and circumstances that affect the likelihood of repayment of such loans as of the evaluation date. For homogeneous pools of loans, estimates of the Company's exposure to credit loss reflect a thorough current assessment of a number of factors, which could affect collectibility. These factors include: past loss experience; the size, trend, composition, and nature; changes in lending policies and procedures, including underwriting standards and collection, charge-off and recovery practices; trends experienced in nonperforming and delinquent loans; current economic conditions in the Company's market; portfolio concentrations that may affect loss experienced across one or

more components of the portfolio; the effect of external factors such as competition, legal and regulatory requirements; and the experience, ability, and depth of lending management and staff. In addition, various regulatory agencies, as an integral component of their examination process, periodically review the Company's allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance based on their judgment about information available to them at the time of their examination, which may not be currently available to management.

After a thorough consideration and validation of the factors discussed above, required additions to the allowance for loan losses are made periodically by charges to the provision for loan losses. These charges are necessary to maintain the allowance at a level which management believes is reasonably reflective of overall inherent risk of probable loss in the portfolio. While management uses available information to recognize losses on loans, additions to the allowance may fluctuate from one reporting period to another. These fluctuations are reflective of changes in risk associated with portfolio content and/or changes in management's assessment of any or all of the determining factors discussed above.

TABLE 8
ALLOWANCE FOR LOAN LOSSES

(dollars in thousands)	2000	1999	1998	1997	1996
Balance at January 1	$ 19,711	$ 18,231	$ 16,450	$ 15,053	$ 13,519
Loans charged off:					
Commercial and agricultural	2,915	2,427	2,528	1,524	1,635
Real estate mortgages	431	392	512	341	598
Consumer	2,259	2,205	2,364	2,605	1,638
Total loans charged off	5,605	5,024	5,404	4,470	3,871
Recoveries:					
Commercial and agricultural	418	292	273	253	326
Real estate mortgages	23	72	47	18	20
Consumer	599	700	716	776	734
Total recoveries	1,040	1,064	1,036	1,047	1,080
Net loans charged off	4,565	3,960	4,368	3,423	2,791
Allowance related to purchase acquisitions	525	-	-	-	-
Provision for loan losses	8,678	5,440	6,149	4,820	4,325
Balance at December 31	$ 24,349	$ 19,711	$ 18,231	$ 16,450	$ 15,053
Allowance for loan losses to loans outstanding at end of year	1.41%	1.34%	1.43%	1.42%	1.45%
Net charge-offs to average loans outstanding	0.28%	0.29%	0.36%	0.31%	0.36%

Charge-offs increased during 2000 by $643,000, to $5.6 million for the year. The increase in charge-offs was primarily in the area of commercial and agricultural loans. This increase was consistent with the increase in commercial and agricultural loans discussed above. The allowance as a percentage of loans outstanding was 1.41% at December 31, 2000 and 1.34% at December 31, 1999.

The provision for loan losses in 2000 was $8.7 million, as compared to $5.4 million in 1999 and $6.1 million during 1998. The increase in the provision in 2000 as compared to 1999 was necessitated by significant loan growth, primarily in the higher risk commercial and consumer type loans as discussed above, and the increase in nonperforming loans, also as discussed above. The reduction in the provision from 1998 to 1999 is primarily due to a reduction in nonperforming

loans and net loan charge-offs, mitigated by the growth and changing mix of the loan portfolio.

The following table sets the allocation of the allowance for loan losses by category, as well as the percentage of loans in each category to total loans, as prepared by the Company. This allocation is based on management's assessment as of a given point in time of the risk characteristics of each of the component parts of the total loan portfolio and is subject to changes as and when the risk factors of each such component part change. The allocation is not indicative of either the specific amounts of the loan categories in which future charge-offs may be taken, nor should it be taken as an indicator of future loss trends. The allocation of the allowance to each category does not restrict the use of the allowance to absorb losses in any category. The following table sets forth the allocation of the allowance for loan losses by loan category.

TABLE 9
ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

December 31,	2000		1999		1998		1997		1996	
(dollars in thousands)	ALLOWANCE	CATEGORY PERCENT OF LOANS	Allowance	Category Percent of Loans	Allowance	Category Percent of Loans	Allowance	Category Percent of Loans	Allowance	Category Percent of Loans
Commercial and agricultural	$ 15,856	49.5%	$ 9,091	46.3%	$ 8,589	43.7%	$ 6,755	41.5%	$ 5,581	39.8%
Real estate mortgages	1,240	22.8%	2,050	27.6%	1,219	30.2%	843	30.0%	1,053	30.2%
Consumer	3,841	27.7%	4,900	26.1%	4.813	26.1%	3,123	28.5%	3,007	30.0%
Unallocated	3,412	-	3,670	-	3,610	-	5,729	-	5,412	-
Total	$ 24,349	100.0%	$ 19,711	100.0%	$ 18,231	100.0%	$ 16,450	100.0%	$ 15,053	100.0%

MARKET RISK

Interest rate risk is the most significant market risk affecting the Company. Other types of market risk, such as foreign currency exchange rate risk and commodity price risk, do not arise in the normal course of the Company's business activities.

Interest rate risk is defined as an exposure to a movement in interest rates that could have an adverse effect on the Company's net interest income. Net interest income is susceptible to interest rate risk to the degree that interest-bearing liabilities mature or reprice on a different basis than earning assets. When interest-bearing liabilities mature or reprice more quickly than earning assets in a given period, a significant increase in market rates of interest could adversely affect net interest income. Similarly, when earning assets mature or reprice more quickly than interest-bearing liabilities, falling interest rates could result in a decrease in net interest income.

In an attempt to manage its exposure to changes in interest rates, management monitors the Company's interest rate risk. Management's asset/liability committee (ALCO) meets monthly to review the Company's interest rate risk position and profitability, and to recommend strategies for consideration by the Board of Directors. Management also reviews loan and deposit pricing, and the Company's securities portfolio, formulates investment and funding strategies, and oversees the timing and implementation of transactions to assure attainment of the Board's objectives in the most effective manner. Notwithstanding the Company's interest rate risk management activities, the potential for changing interest rates is an uncertainty that can have an adverse effect on net income.

In adjusting the Company's asset/liability position, the Board and management attempt to manage the Company's interest rate risk while enhancing the net interest margin. At times, depending on the level of general interest rates, the relationship between long and short term interest rates, market conditions and competitive factors, the Board and management may determine to increase the

Company's interest rate risk position somewhat in order to increase its net interest margin. The Company's results of operations and net portfolio values remain vulnerable to changes in interest rates and to fluctuations in the difference between long and short-term interest rates.

The primary tool utilized by ALCO to manage interest rate risk is a balance sheet/income statement simulation model (interest rate sensitivity analysis). Information such as principal balance, interest rate, maturity date, cash flows, next repricing date (if needed), and current rates is uploaded into the model to create an ending balance sheet. In addition, ALCO makes certain assumptions regarding prepayment speeds for loans and mortgage related investment securities along with any optionality within the deposits and borrowings.

The model is first run under an assumption of a flat rate scenario (i.e. no change in current interest rates) with a static balance sheet over a 12-month period. A second and third model are run in which a gradual increase and decrease, respectively, of 200 basis points takes place over a 12 month period. A fourth and fifth model are run in which a gradual increase and decrease, respectively, of 100 basis points takes place over a 12 month period. Under these scenarios, assets subject to prepayments are adjusted to account for faster or slower prepayment assumptions. Any investment securities or borrowings that have callable options embedded into them are handled accordingly based on the interest rate scenario. The resultant changes in net interest income are then measured against the flat rate scenario. The following table summarizes the percentage change in net interest income in the rising and declining rate scenarios over a 12 month period from the forecasted net interest income in the flat rate scenario.

In the declining rate scenarios, net interest income is projected to be below the flat rate scenario through the simulation period. Net interest income experiences a reduction as a result of adjustable rate loans repricing, and increased cash flow as a result of higher prepayments on loans reinvested at lower market rates, callable securities reinvested at lower market rates and limited continued deposit pricing reductions.

In the rising rate scenarios, net interest income is projected to experience a decline from the flat rate scenario greater than the decline shown in the downward rate scenarios. Net interest income is projected to remain at lower levels than in a flat rate scenario through the simulation period primarily due to a lag in assets repricing while funding costs increase. The potential impact on earnings is dependent on the ability to lag deposit repricing.

Net interest income for the next twelve months in a +/- 200 basis point scenario is within the internal policy risk limits of a not more than a 5% change in net interest income. The following table projects the percent change in net interest income over the next year using the December 31, 2000 balance sheet position.

TABLE 10
INTEREST RATE SENSITIVITY ANALYSIS

Change in interest rates (in basis points)	Percent change in net interest income
+200	(3.34%)
+100	(1.62%)
-100	(0.78%)
-200	(1.45%)

LIQUIDITY RISK

Liquidity management involves the ability to meet the cash flow requirements of customers who may be depositors wanting to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs. The ALCO is responsible for liquidity management and has developed guidelines which cover all assets and liabilities, as well as off balance sheet items that are potential sources or uses of liquidity. Liquidity policies must also provide

the flexibility to implement appropriate strategies and tactical actions. Requirements change as loans grow, deposits and securities mature, and payments on borrowings are made. Liquidity management includes a focus on interest rate sensitivity management with a goal of avoiding widely fluctuating net interest margins through periods of changing economic conditions.

The primary liquidity measurement the Company utilizes is called the Basic Surplus which captures the adequacy of its access to reliable sources of cash relative to the stability of its funding mix of average liabilities. This approach recognizes the importance of balancing levels of cash flow liquidity from short and long-term securities with the availability of dependable borrowing sources which can be accessed when necessary. Accordingly, the Company has purchased brokered time deposits, established borrowing facilities with other banks (Federal funds), the Federal Home Loan Banks of New York and Pittsburgh (short and long-term borrowings which are denoted as advances), and repurchase agreements with investment companies.

This Basic Surplus approach enables the Company to adequately manage liquidity from both operational and contingency perspectives. By tempering the need for cash flow liquidity with reliable borrowing facilities, the Company is able to operate with a more fully invested and, therefore, higher interest income generating, securities portfolio. The makeup and term structure of the securities portfolio is, in part, impacted by the overall interest rate sensitivity of the balance sheet. Investment decisions and deposit pricing strategies are impacted by the liquidity position. At December 31, 2000, the Company considered its Basic Surplus adequate to meet liquidity needs. At December 31, 2000, a large percentage of the Company's loans and securities are pledged as collateral on borrowings. Therefore, future growth of earning assets will depend upon the Company's ability to obtain additional funding, through growth of core deposits and collateral management, and may require further use of brokered time deposits, or other higher cost borrowing arrangements.

OFF-BALANCE SHEET RISK

Commitments to Extend Credit

The Company makes contractual commitments to extend credit and extend lines of credit which are subject to the Company's credit approval and monitoring procedures. At December 31, 2000 and 1999, commitments to extend credit in the form of loans, including unused lines of credit, amounted to $394.7 million and $421.0 million, respectively. In the opinion of management, there are no material commitments to extend credit that represent unusual risks.

Stand-By Letters of Credit

The Company guarantees the obligations or performance of customers by issuing stand-by letters of credit to third parties. These stand-by letters of credit are frequently issued in support of third party debt, such as corporate debt issuances, industrial revenue bonds, and municipal securities. The risk involved in issuing stand-by letters of credit is essentially the same as the credit risk involved in extending loan facilities to customers, and they are subject to the same credit origination, portfolio maintenance and management procedures in effect to monitor other credit and off-balance sheet products. At December 31, 2000 and 1999, outstanding stand-by letters of credit were approximately $6.2 million and $3.9 million, respectively.

CAPITAL RESOURCES

Consistent with its goal to operate a sound and profitable financial institution, the Company actively seeks to maintain a "well-capitalized" institution in accordance with regulatory standards. The principal source of capital to the Company is earnings retention. The Company remains well capitalized as the capital ratios in the notes to the consolidated financial statements indicate. Capital measurements are in excess of both regulatory minimum guidelines and meet the requirements to be considered well capitalized.

The Company's principal source of funds to pay cash dividends to its shareholders is dividends from its subsidiary banks. Various laws and regulations restrict the ability of banks to pay dividends to their shareholders. The payment of dividends by the Company in the future will require the generation of sufficient future earnings by its subsidiaries. For further disclosures relative to dividend restrictions and regulatory requirements, refer to Note 13 to the consolidated financial statements.

The accompanying Table 11 sets forth the quarterly high, low and closing sales price for the common stock as reported on the NASDAQ Stock Market, and cash dividends declared per share of common stock.

TABLE 11
QUARTERLY COMMON STOCK AND DIVIDEND INFORMATION

	2000				1999			
(restated to give retroactive effect to stock dividends and splits)								
QUARTER ENDING	HIGH	LOW	CLOSE	CASH DIVIDENDS DECLARED	High	Low	Close	Cash Dividends Declared
March 31	$ 16.50	$ 11.38	$ 14.50	$ 0.170	$ 23.33	$ 19.89	$ 19.89	$ 0.162
June 30	14.50	9.38	10.69	0.170	21.19	19.05	19.52	0.162
September 30	12.50	9.75	12.00	0.170	20.90	16.43	16.49	0.162
December 31	15.94	11.13	14.63	0.170	17.98	14.63	15.50	0.170
For the year	$ 16.50	$ 9.38	$ 14.63	$ 0.680	$ 23.33	$ 14.63	$ 15.50	$ 0.656

NONINTEREST INCOME AND EXPENSES

NONINTEREST INCOME

Noninterest income is a significant source of revenue for the Company and an important factor in the Company's results of operations. Noninterest income, exclusive of net security gains and losses, totaled $20.4 million in 2000, $17.3 million in 1999, and $16.2 million in 1998. The $3.1 million, or 17.9%, increase in 2000 is primarily the result of an increase in broker/dealer fees of approximately $2.7 million. The increase in broker/dealer fees is the direct result of the Company's acquisition of M. Griffith, Inc., a full service broker/dealer and registered investment advisor, on May 5, 2000. All other categories of noninterest income remained consistent from 1999 to 2000. The increase from 1998 to 1999 of $1.1 million, or 6.9%, was primarily related to an increase in service charges on deposit accounts which increased $1.0 million to $7.6 million in 1999. All other categories of noninterest income remained consistent from 1998 to 1999.

During 2000, the Company had net security losses of $1.2 million, compared to net security gains of $1.8 million during 1999. The net loss during 2000 resulted primarily from the Company's decision in late December 2000, to sell certain lower yielding federal agencies and mortgage backed securities with an amortized cost of $21.7 million and use the proceeds to pay down higher rate debt. These lower yielding securities had net unrealized losses of approximately $1.4 million at December 31, 2000. As a result of the decision to immediately sell these securities, they were considered to be other than temporarily impaired, and the net loss was recorded in the Company's consolidated statement of income for the year ended December 31, 2000. These securities were sold in early January 2001 at a loss approximating the loss recorded in 2000. These securities were presented on the Company's December 31, 2000 consolidated balance sheet as trading securities.

NONINTEREST EXPENSE

Other noninterest expenses are also an important factor in the Company's results of operations. Noninterest expense was $93.9 million in 2000, compared to $62.9 million in 1999, and $61.3 million in 1998. The increase in 2000 was primarily the result of $23.6 million in merger, acquisition and reorganization costs incurred during 2000. Merger, acquisition, and reorganization costs were $835,000 in 1999.

During 2000, the following merger, acquisition and reorganization costs were recognized:

Professional fees	$ 8,525
Data processing	2,378
Severance	7,278
Branch closing	1,736
Advertising and supplies	1,337
Hardware and software write-off	1,428
Miscellaneous	943
Total	$ 23,625

With the exception of hardware and software write-offs and certain branch closing costs, all of the above costs have been or will be paid through normal cash flow from operations.

At December 31, 2000, after payments of certain merger, acquisition and reorganization costs, the Company had a remaining accrued liability for merger, acquisition and reorganization costs as follows:

Professional fees	$ 1,306
Data processing	1,445
Severance	6,901
Branch closings	541
Advertising and supplies	355
Miscellaneous	448
Total	$ 10,996

With the exception of certain severance costs which will be paid out over a period of time consistent with the respective severance agreements, all of the above liabilities are expected to be paid during 2001.

Salaries and employee benefits increased $4.7 million, or 15.2%, from $30.7 million in 1999 to $35.4 million in 2000. The increase was the result of normal salary increases and the addition of M. Griffith, Inc. in May of 2000.

Also impacting the increase in noninterest expense in 2000 as compared to 1999 was the amortization of intangible assets. This amortization expense increased from $1.3 million in 1999 to $1.7 million in 2000. As a result of the M. Griffith acquisition and the various branch acquisitions during 2000, amortization of intangible assets is expected to also increase in 2001.

All other categories of noninterest expense remained fairly consistent from 1999 to 2000.

INCOME TAXES

In 2000, income tax expense was $4.0 million, as compared to $13.9 million in 1999 and $7.1 million in 1998. The Company's effective tax rate was 35.7%, 34.6%, and 21.0% in 2000, 1999, and 1998, respectively. The increase in the

effective tax rate during 2000 is primarily the result of non-deductible merger and acquisition expenses. The relatively low effective tax rate during 1998 was the result of a corporate realignment.

IMPACT OF INFLATION AND CHANGING PRICES

The Company's consolidated financial statements are prepared in accordance with generally accepted accounting principles which require the measurement of financial position and operating results in terms of historical dollars without considering the changes in the relative purchasing power of money over time due to inflation. The impact of inflation is reflected in the increasing cost of the Company's operations. Unlike most industrial companies, nearly all assets and liabilities of the Company are monetary. As a result, interest rates have a greater impact on the Company's performance than do the effects of general levels of inflation. In addition, interest rates do not necessarily move in the direction, or to the same extent as the price of goods and services.

IMPACT OF NEW ACCOUNTING STANDARDS

The Company adopted the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," effective January 1, 2001. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in the fair value of the derivative financial instruments are reported in either net income or as a component of comprehensive income. Consequently, there may be increased volatility in net income, comprehensive income, and stockholders' equity on an ongoing basis as a result of accounting for derivatives in accordance with SFAS No. 133.

Special hedge accounting treatment is permitted only if specific criteria are met, including a requirement that the hedging relationship be highly effective both at inception and on an ongoing basis. Accounting for hedges varies based on the type of hedge - fair value or cash flow. Results of effective hedges are recognized in current earnings for fair value hedges and in other comprehensive income for cash flow hedges. Ineffective portions of hedges are recognized immediately in earnings and are not deferred.

The adoption of SFAS No. 133 by The Company on January 1, 2001 did not have a material effect on the Company's consolidated financial position or results of operations.

In March 2000, the FASB issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation". FASB Interpretation No. 44 clarifies the application of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" for certain issues. The adoption of this Interpretation did not have a material effect on the Company's financial position or results of operations.

In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", a replacement of SFAS No. 125. SFAS 140 addresses implementation issues that were identified in applying SFAS No. 125. This statement revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but it carries over most of SFAS No. 125 provisions without reconsideration. SFAS 140 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. SFAS No. 140 is effective for recognition and reclassification of collateral and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. This statement is to be applied prospectively with certain exceptions. Other than those exceptions, earlier or retroactively application is not permitted. The adoption of SFAS No. 140 did not have a material effect on the Company's consolidated financial statements.

TABLE 12
SELECTED QUARTERLY FINANCIAL DATA

(in thousands, except per share data)	2000				1999			
	FIRST	SECOND	THIRD	FOURTH	First	Second	Third	Fourth
Interest, fee and dividend income	$ 44,911	$ 46,797	$ 48,921	$ 49,902	$ 38,764	$ 40,149	$ 42,554	$ 43,405
Interest expense	21,610	23,275	24,811	26,325	17,567	18,162	19,448	20,281
Net interest income	23,301	23,522	24,110	23,577	21,197	21,987	23,106	23,124
Provision for loan losses	1,454	2,345	1,619	3,260	1,195	1,340	1,325	1,580
Noninterest income excluding securities gains (losses)	4,241	4,949	5,436	5,806	4,166	4,413	4,319	4,381
Net securities gains (losses)	-	6	137	(1,359)	669	295	839	-
Noninterest expense	17,716	19,685	20,128	36,333	14,597	15,063	16,005	17,252
Net income (loss)	$ 5,280	$ 4,069	$ 5,155	$ (7,313)	$ 6,659	$ 6,759	$ 7,019	$ 5,820
Basic earnings per share	$ 0.23	$ 0.17	$ 0.22	$ (0.31)	$ 0.29	$ 0.29	$ 0.30	$ 0.25
Diluted earnings per share	$ 0.23	$ 0.17	$ 0.22	$ (0.31)	$ 0.28	$ 0.29	$ 0.30	$ 0.25
Net interest margin	4.25%	4.16%	4.12%	3.96%	4.37%	4.34%	4.32%	4.26%
Return (loss) on average assets	0.88%	0.66%	0.81%	(1.12)%	1.25%	1.21%	1.20%	0.98%
Return (loss) on average equity	11.10%	8.29%	10.14%	(13.95)%	13.19%	13.36%	14.29%	11.83%
Average diluted common shares outstanding	23,346	23,584	23,709	23,759	23,423	23,395	23,376	23,337

PROPERTIES

The Company operated the following number of community banking branches and automated teller machines (ATMs) as of December 31, 2000:

NEW YORK STATE	BRANCHES	ATMS
Albany County	1	-
Broome County	3	4
Chenango County	11	15
Clinton County	3	2
Delaware County	5	12
Essex County	3	3
Fulton County	3	3
Oneida County	5	7
Orange County	1	1
Otsego County	2	9
Tioga County	1	2

PENNSYLVANIA	BRANCHES	ATMS
Lackawanna County	20	26
Luzerne County	4	19
Monroe County	4	7
Pike County	3	3
Susquehanna County	6	7
Wayne County	3	3

The Company leases twenty-four of the above listed branches from third parties under terms and conditions considered by management to be favorable to the Company. The Company owns all other banking premises. All automated teller machines are owned.

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

Responsibility for the integrity, objectivity, consistency, and fair presentation of the financial information presented in this Annual Report rests with NBT Bancorp Inc. management. The accompanying consolidated financial statements and related information have been prepared in conformity with accounting principles generally accepted in the United States of America consistently applied and include, where required, amounts based on informed judgments and management's best estimates.

Management maintains a system of internal controls and accounting policies and procedures to provide reasonable assurance of the accountability and safeguarding of Company assets and of the accuracy of financial information. These procedures include management evaluations of asset quality and the impact of economic events, organizational arrangements that provide an appropriate segregation of responsibilities and a program of internal audits to evaluate independently the adequacy and application of financial and operating controls and compliance with Company policies and procedures.

The Board of Directors has appointed a Risk Management Committee composed entirely of directors who are not employees of the Company. The Risk Management Committee is responsible for recommending to the Board the independent auditors to be retained for the coming year. The Risk Management Committee meets periodically, both jointly and privately, with the independent auditors, with our internal auditors, as well as with representatives of management, to review accounting, auditing, internal control structure and financial reporting matters. The Risk Management Committee reports to the Board on its activities and findings.

/S/ Daryl R. Forsythe

Daryl R. Forsythe
President and Chief Executive Officer

/S/ Michael J. Chewens

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
NBT Bancorp Inc.:

We have audited the accompanying consolidated balance sheets of NBT Bancorp Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in stockholders' equity, cash flows and comprehensive income for each of the years in the three-year period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NBT Bancorp Inc. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

/S/ KPMG LLP

Albany, New York
January 22, 2001

NBT BANCORP INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2000 and 1999

(in thousands, except share and per share data)

ASSETS	2000	1999
Cash and due from banks	$ 96,429	74,304
Short term interest bearing accounts	14,233	5,325
Trading securities, at fair value	20,541	-
Securities available for sale, at fair value	576,372	606,727
Securities held to maturity (fair value - $101,833 and $109,147)	102,413	113,318
Federal Reserve and Federal Home Loan Bank stock	27,647	27,654
Loans	1,726,482	1,466,867
Less allowance for loan losses	24,349	19,711
Net loans	1,702,133	1,447,156
Premises and equipment, net	43,457	47,097
Intangible assets, net	27,739	9,081
Other assets	44,824	50,011
Total assets	$ 2,655,788	2,380,673
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand (noninterest bearing)	$ 302,137	267,895
Savings, NOW, and money market	671,980	605,334
Time	1,066,121	903,862
Total deposits	2,040,238	1,777,091
Short-term borrowings	132,375	142,267
Long-term debt	234,872	251,970
Other liabilities	40,282	17,873
Total liabilities	2,447,767	2,189,201
Stockholders' equity:		
Preferred stock, $0.01 par at December 31, 2000; no par, stated value $1.00 at December 31, 1999; shares authorized - 2,500,000	-	-
Common stock, $0.01 par value and 30,000,000 shares authorized at December 31, 2000; no par, stated value $1.00 and 15,000,000 shares authorized at December 31, 1999; issued 24,237,322 and 23,786,450 at December 31, 2000 and 1999, respectively	242	23,786
Additional paid-in-capital	185,041	156,112
Retained earnings	36,689	44,949
Accumulated other comprehensive loss	(2,864)	(21,710)
Common stock in treasury, at cost, 512,213 and 538,936 shares	(11,087)	(11,665)
Total stockholders' equity	208,021	191,472
Total liabilities and stockholders' equity	$ 2,655,788	2,380,673

See accompanying notes to consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARIES

Consolidated Statements of Income

Years ended December 31, 2000, 1999 and 1998
(in thousands, except per share data)

	2000	1999	1998
Interest, fee, and dividend income:			
Interest and fees on loans	$ 140,725	115,990	108,318
Securities available for sale	40,927	40,254	36,068
Securities held to maturity	6,127	6,166	11,343
Other	2,752	2,462	2,699
Total interest, fee, and dividend income	190,531	164,872	158,428
Interest expense:			
Deposits	73,791	56,565	58,873
Short-term borrowings	8,777	6,011	6,177
Long-term debt	13,453	12,882	9,662
Total interest expense	96,021	75,458	74,712
Net interest income	94,510	89,414	83,716
Provision for loan losses	8,678	5,440	6,149
Net interest income after provision for loan losses	85,832	83,974	77,567
Noninterest income:			
Service charges on deposit accounts	8,284	7,588	6,562
Broker/dealer fees	2,723	46	24
Trust	3,382	3,305	3,115
Net securities (losses) gains	(1,216)	1,803	1,567
Other	6,043	6,340	6,463
Total noninterest income	19,216	19,082	17,731
Noninterest expense:			
Salaries and employee benefits	35,411	30,751	29,277
Occupancy	5,692	5,212	5,026
Equipment	5,728	5,368	4,566
Data processing and communications	5,828	5,392	4,554
Professional fees and outside services	3,754	3,008	4,230
Office supplies and postage	2,954	3,044	3,030
Amortization of intangible assets	1,722	1,323	1,319
Merger, acquisition and reorganization costs	23,625	835	-
Other operating	9,148	7,984	9,252
Total noninterest expense	93,862	62,917	61,254
Income before income tax expense	11,186	40,139	34,044
Income tax expense	3,995	13,882	7,149
Net income	$ 7,191	26,257	26,895
Earnings per share:			
Basic	$ 0.31	1.14	1.16
Diluted	$ 0.30	1.12	1.14

See accompanying notes to consolidated financial statements.
Note: All per share data has been restated to give retroactive effect to stock dividends and splits.

NBT BANCORP INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity Years ended December 31, 2000, 1999 and 1998

(in thousands except share and per share data)

	COMMON STOCK	ADDITIONAL PAID-IN-CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE (LOSS)/INCOME	COMMON STOCK IN TREASURY	TOTAL
Balance at December 31, 1997	$ 19,128	127,804	49,718	3,109	(7,203)	192,556
Net income	-	-	26,895	-	-	26,895
Stock dividends and splits	3,814	17,670	(21,484)	-	-	-
Cash dividends - $0.587 per share	-	-	(11,848)	-	-	(11,848)
Payment in lieu of fractional shares	-	-	(16)	-	-	(16)
Purchase of 355,708 treasury shares	-	-	-	-	(9,127)	(9,127)
Issuance of 289,072 shares to employee benefit plans and other stock plans	117	1,478	-	-	3,368	4,963
Costs of sale of common stock through secondary offering	-	-	(12)	-	-	(12)
Other comprehensive income	-	-	-	627	-	627
Balance at December 31, 1998	23,059	146,952	43,253	3,736	(12,962)	204,038
Net income	-	-	26,257	-	-	26,257
Issuance of 621,143 shares for a stock dividend	621	10,994	(11,615)	-	-	-
Cash dividends - $0.656 per share	-	-	(12,930)	-	-	(12,930)
Payment in lieu of fractional shares	-	-	(16)	-	-	(16)
Purchase of 388,711 treasury shares	-	-	-	-	(6,948)	(6,948)
Issuance of 426,454 shares to employee benefit plans and other stock plans	153	(125)	-	-	6,489	6,517
Other comprehensive loss	-	-	-	(25,446)	-	(25,446)
Retirement of 128,263 treasury shares of pooled Company	(47)	(1,709)	-	-	1,756	-
BALANCE AT DECEMBER 31, 1999	23,786	156,112	44,949	(21,710)	(11,665)	191,472
Net income	-	-	7,191	-	-	7,191
Cash dividends - $0.68 per share	-	-	(15,428)	-	-	(15,428)
Payment in lieu of fractional shares	-	-	(23)	-	-	(23)
Issuance of 56,606 shares to employee benefit plans and other stock plans, including tax benefit	7	582	-	-	578	1,167
Change of $1.00 stated value per share to $0.01 par value per share	(23,555)	23,555	-	-	-	-
Issuance of 420,989 shares to purchase M. Griffith, Inc.	4	4,792	-	-	-	4,796
Other comprehensive income	-	-	-	18,846	-	18,846
Balance at December 31, 2000	$ 242	185,041	36,689	(2,864)	(11,087)	208,021

See accompanying notes to consolidated financial statements.
Note: Cash dividends per share represent the cash historical dividends per share of NBT Bancorp Inc., adjusted to give retroactive effect to stock splits and stock dividends.

NBT BANCORP INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended December 31, 2000, 1999 and 1998
(in thousands)

	2000	1999	1998
Operating activities:			
Net income	$ 7,191	26,257	26,895
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	8,678	5,440	6,149
Depreciation of premises and equipment	5,264	4,815	4,151
Net accretion on securities	(678)	(1,211)	(1,330)
Amortization of intangible assets	1,722	1,323	1,319
Deferred income tax benefit	(3,510)	(380)	(1,015)
Proceeds from sale of loans held for sale	17,615	41,899	46,462
Originations and purchases of loans held for sale	(12,284)	(40,471)	(47,494)
Net gains on sales of loans held for sale	(60)	(342)	(1,013)
Net loss (gains) on sales of securities	1,216	(1,803)	(1,567)
Net (gain) loss on sales of other real estate owned	(69)	(291)	145
Writedowns on other real estate owned	235	220	25
Tax benefit from exercise of stock options	660	296	117
Net (increase) decrease in other assets	(3,525)	2,720	(4,156)
Net increase (decrease) in other liabilities	22,724	(866)	(1,185)
Net cash provided by operating activities	45,179	37,606	27,503
Investing activities:			
Net cash and cash equivalents provided by acquisitions	74,434	-	-
Securities available for sale:			
Proceeds from maturities, calls and principal paydowns	42,260	92,771	116,948
Proceeds from sales	9,296	110,073	184,669
Purchases	(12,282)	(253,113)	(234,275)
Securities held to maturity:			
Proceeds from maturities, calls, and principal paydowns	34,347	35,535	71,250
Purchases	(23,445)	(39,461)	(133,053)
Net increase in loans	(228,033)	(196,595)	(121,898)
Net (increase) decrease in FHLB stock	7	(744)	(6,415)
Purchases of premises and equipment, net	(598)	(7,240)	(10,984)
Proceeds from sales of other real estate owned	2,125	3,527	2,747
Net cash used in investing activities	(101,889)	(255,247)	(131,011)

Financing activities:			
Net increase in deposits	129,677	112,784	76,031
Net (decrease) increase in short-term borrowings	(9,892)	42,395	(37,205)
Proceeds from issuance of long-term debt	5,000	75,000	120,658
Repayments of long-term debt	(22,098)	(6,998)	(21,542)
Proceeds from the issuance of shares to employee benefit plans and other stock plans	507	6,221	4,846
Purchase of treasury stock	-	(6,948)	(9,127)
Cash dividends and payment for fractional shares	(15,451)	(12,946)	(11,864)
Net cash provided by financing activities	87,743	209,508	121,797
Net increase (decrease) in cash and cash equivalents	31,033	(8,133)	18,289
Cash and cash equivalents at beginning of year	79,629	87,762	69,473
Cash and cash equivalents at end of year	$ 110,662	79,629	87,762
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	$ 89,518	73,641	74,968
Income taxes	9,238	14,486	9,381
Noncash investing activities:			
Transfer of securities available for sale to trading securities	$ 20,286	-	-
Transfer of held to maturity securities to securities available for sale	-	71,137	-
Transfer of loans to other real estate owned	1,514	1,923	3,790
Fair value of assets acquired	43,989	-	-
Fair value of liabilities assumed	133,891	-	-
Common stock issued for acquisitions	4,796	-	-

See accompanying notes to consolidated financial statements.

NBT BANCORP INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

Years ended December 31, 2000, 1999 and 1998

(in thousands)

	2000	1999	1998
Net income	$ 7,191	26,257	26,895
Other comprehensive income (loss), net of tax:			
Unrealized net holding gains (losses) arising during the year (pre-tax amounts of $28,779; ($39,278) and $2,534)	18,127	(24,359)	1,571
Less: Reclassification adjustment for net losses (gains) included in net income (pre-tax amounts of $1,216; $(1,803); ($1,567))	719	(1,087)	(944)
Total other comprehensive income (loss)	18,846	(25,446)	627
Comprehensive income	$ 26,037	811	27,522

See accompanying notes to consolidated financial statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of NBT Bancorp Inc. ("Bancorp") and its subsidiaries, NBT Bank, N.A. (NBT Bank), Pennstar Bank, N.A. (Pennstar), and NBT Financial Services, Inc. conform, in all material respects, to accounting principles generally accepted in the United States of America ("GAAP") and to general practices within the banking industry. Collectively, Bancorp and its subsidiaries are referred to herein as "the Company".

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

The following is a description of significant policies and practices:

CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Bancorp and its wholly-owned subsidiaries. All material intercompany transactions have been eliminated in consolidation. amounts previously reported in the consolidated financial statements are reclassified whenever necessary to conform with the current year's presentation. In the "Parent Company Financial Information," the investment in subsidiaries is carried under the equity method of accounting.

SEGMENT REPORTING

The Company's operations are solely in the community banking industry and include the provision of traditional banking services. The Company operates solely in the geographical regions of central and northern New York and northeastern Pennsylvania. Management makes operating decisions and assesses performance based on an ongoing review of its community banking operations, which constitute the Company's only reportable segment.

TRUST

Assets held by the Company in a fiduciary or agency capacity for its customers are not included in the accompanying consolidated balance sheets, since such assets are not assets of the Company. Trust income is recognized on the accrual method based on contractual rates applied to the balances of trust accounts.

CASH EQUIVALENTS

The Company considers amounts due from correspondent banks, cash items in process of collection and institutional money market mutual funds to be cash equivalents for purposes of the consolidated statements of cash flows.

SECURITIES

The Company classifies its securities at date of purchase as either available for sale, held to maturity or trading. Held to maturity debt securities are those that the Company has the ability and intent to hold until maturity. Available for sale securities are recorded at fair value. Unrealized holding gains and losses, net of the related tax effect, on available for sale securities are excluded from earnings and are reported in stockholders' equity as a component of accumulated other comprehensive income or loss. Held to maturity securities are recorded at amortized cost. Trading securities are recorded at fair value, with net unrealized gains and losses recognized currently in income. Transfers of securities between categories are recorded at fair value at the date of transfer. Non-marketable equity securities are carried at cost. A decline in the fair value of any available for sale or held to maturity security below cost that is deemed other than temporary is charged to earnings resulting in the establishment of a new cost basis for the security.

Premiums and discounts are amortized or accreted over the life of the related security as an adjustment to yield using the interest method. Dividends and interest income are recognized when earned. Realized gains and losses on securities sold are derived using the specific identification method for determining the cost of securities sold.

LOANS

Loans are recorded at their current unpaid principal balance, net of unearned income and unamortized loan fees and expenses, which are amortized under the effective interest method over the estimated lives of the loans. Interest income on loans is primarily accrued based on the principal amount outstanding.

Loans are placed on nonaccrual status when timely collection of principal and interest in accordance with contractual terms is doubtful. Loans are transferred to a nonaccrual basis generally when principal or interest payments become ninety days delinquent, unless the loan is well secured and in the process of collection, or sooner when management concludes circumstances indicate that borrowers may be unable to meet contractual principal or interest payments. Accrual of interest is discontinued if the loan is placed on nonaccrual status. When a loan is transferred to a nonaccrual status, any unpaid accrued interest is reversed and charged against income. When in the opinion of management the collection of principal appears unlikely, the loan balance is charged-off in total or in part.

If ultimate repayment of a non-accrual loan is expected, any payments received are applied in accordance with contractual terms. If ultimate repayment of principal is not expected or management judges it to be prudent, any payment received on a non-accrual loan is applied to principal until ultimate repayment becomes expected. Nonaccrual loans are returned to accrual status when they become current as to principal and interest or demonstrate a period of performance under the contractual terms and, in the opinion of management, are fully collectible as to principal and interest.

Commercial type loans are considered impaired when it is probable that the borrower will not repay the loan according to the original contractual terms of the loan agreement, and all loan types are considered impaired if the loan is restructured in a troubled debt restructuring.

The allowance for loan losses related to impaired loans is based on discounted cash flows using the loan's initial effective interest rate or the fair value of the collateral for certain loans where repayment of the loan is expected to be provided solely by the underlying collateral (collateral dependent loans). The Company's impaired loans are generally collateral dependent. The Company considers the estimated cost to sell, on a discounted basis, when determining the fair value of collateral in the measurement of impairment if those costs are expected to reduce the cash flows available to repay or otherwise satisfy the loans.

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is the amount which, in the opinion of management, is necessary to absorb probable losses inherent in the loan portfolio. The allowance is determined by reference to the market area the Company serves, local economic conditions, the growth and composition of the loan portfolio with respect to the mix between the various types of loans and their related risk characteristics, a review of the value of collateral supporting the loans, and comprehensive reviews of the loan portfolio by the Independent Loan Review staff and management. As a result of the test of adequacy, required additions to the allowance for loan losses are made periodically by charges to the provision for loan losses.

Management believes that the allowance for loan losses is adequate. While management uses available information to recognize loan losses, future additions to the allowance for loan losses may be necessary based on changes in economic conditions or changes in the values of properties securing loans in the process of foreclosure. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance for loan losses based on their judgements about information available to them at the time of their examination which may not be currently available to management.

PREMISES AND EQUIPMENT

Premises and equipment are stated at cost, less accumulated depreciation. Depreciation of premises and equipment is determined using the straight line method over the estimated useful lives of the respective assets. Expenditures for maintenance, repairs, and minor replacements are charged to expense as incurred.

OTHER REAL ESTATE OWNED

Other real estate owned ("OREO") consists of properties acquired through foreclosure or by acceptance of a deed in lieu of foreclosure. These assets are recorded at the lower of fair value of the asset acquired less estimated costs to sell or "cost" (defined as the fair value at initial foreclosure). At the time of foreclosure, or when foreclosure occurs in-substance, the excess, if any of the loan over the fair market value of the assets received, less estimated selling costs, is charged to the allowance for loan losses and any subsequent valuation write-downs are charged to other expense. Operating costs associated with the properties are charged to expense as incurred. Gains on the sale of OREO are included in income when title has passed and the sale has met the minimum down payment requirements prescribed by GAAP.

INTANGIBLE ASSETS

Intangible assets consist primarily of goodwill. Goodwill is the excess of cost over the fair value of tangible net assets acquired in acquisitions accounted for using the purchase method of accounting and not allocated to any specific asset or liability category. Goodwill is being amortized on a straight-line basis over periods ranging from 15 years to 25 years from the acquisition date. The Company reviews goodwill on a periodic basis for events or changes in circumstances that may indicate that the carrying amount of goodwill may not be recoverable.

TREASURY STOCK

Treasury stock acquisitions are recorded at cost. Subsequent sales of treasury stock are recorded on an average cost basis. Gains on the sale of treasury stock are credited to additional paid-in-capital. Losses on the sale of treasury stock are charged to additional paid-in-capital to the extent of previous gains, otherwise charged to retained earnings.

INCOME TAXES

Income taxes are accounted for under the asset and liability method. The Company files a consolidated tax return on the accrual basis. Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

STOCK-BASED COMPENSATION

The Company accounts for its stock-based compensation plans in accordance with the provisions of Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. On January 1, 1996, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," which permits entities to recognize as expense over the vesting period the fair value of all stock based awards measured on the date of grant. Alternatively, SFAS No. 123 allows entities to continue to apply the provisions of APB Opinion No. 25 and provide pro forma net income and pro forma net income per share disclosures for employee stock-based grants made in 1995 and thereafter as if the fair value based method defined in SFAS No. 123 had been applied. The Company has elected to continue to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosures of SFAS No. 123.

PER SHARE AMOUNTS

Basic earnings per share (EPS) excludes dilution and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity (such as the Company's dilutive stock options).

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

OTHER FINANCIAL INSTRUMENTS

The Company is a party to certain other financial instruments with off-balance-sheet risk such as commitments to extend credit, unused lines of credit, and standby letters of credit, as well as certain mortgage loans sold to investors with recourse. The Company's policy is to record such instruments when funded.

COMPREHENSIVE INCOME

At the Company, comprehensive income represents net income plus other comprehensive income, which consists of the net change in unrealized gains or losses on securities available for sale, net of income taxes, for the period. Accumulated other comprehensive income represents the net unrealized gains or losses on securities available for sale, net of income taxes, as of the consolidated balance sheet dates.

PENSION COSTS

The Company maintains a non contributory, defined benefit retirement and pension plan covering substantially all employees. Pension costs, based on actuarial computations of current and future benefits for employees, are charged to current operating expenses.

NEW ACCOUNTING PRONOUNCEMENTS

The Company adopted the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," effective January 1, 2001. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in the fair value of the derivative financial instruments are reported in either net income or as a component of comprehensive income. Consequently, there may be increased volatility in net income, comprehensive income, and stockholders' equity on an ongoing basis as a result of accounting for derivatives in accordance with SFAS No. 133.

Special hedge accounting treatment is permitted only if specific criteria are met, including a requirement that the hedging relationship be highly effective both at inception and on an ongoing basis. Accounting for hedges varies based on the type of hedge - fair value or cash flow. Results of effective hedges are recognized in current earnings for fair value hedges and in other comprehensive income for cash flow hedges. Ineffective portions of hedges are recognized immediately in earnings and are not deferred.

The adoption of SFAS No. 133 by the Company on January 1, 2001 did not have a material effect on the Company's consolidated financial position or results of operations.

In March 2000, the FASB issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation". FASB Interpretation No. 44 clarifies the application of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" for certain issues. The adoption of this Interpretation on July 1, 2000 did not have a material effect on the Company's financial position or results of operations.

In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", a replacement of SFAS No. 125. SFAS No. 140 addresses implementation issues that were identified in applying SFAS No. 125. This statement revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but it carries over most of the provisions of SFAS No. 125 without reconsideration. SFAS No. 140 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. SFAS No. 140 is effective for recognition and reclassification of collateral and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. This statement is to be applied prospectively with certain exceptions. Other than those exceptions, earlier or retroactive application is not permitted. The adoption of SFAS No. 140 did not have a material effect on the Company's consolidated financial statements.

(2) MERGER AND ACQUISITION ACTIVITY

On February 17, 2000, the Company consummated a merger, whereby Lake Ariel Bancorp, Inc. (Lake Ariel) and its subsidiaries were merged with and into the Company with each issued and outstanding share of Lake Ariel exchanged for 0.9961 shares of Bancorp common stock. The transaction resulted in the issuance of approximately 5.0 million shares of Bancorp common stock. Lake Ariel's commercial banking subsidiary was LA Bank, N.A.

On July 1, 2000, the Company consummated a merger, whereby Pioneer American Holding Company Corp. (Pioneer Holding Company) and its subsidiary were merged with and into the Company with each issued and outstanding share of Pioneer Holding Company exchanged for 1.805 shares of Bancorp common stock. The transaction resulted in the issuance of approximately 5.2 million shares of Bancorp common stock. Pioneer Holding Company's commercial banking subsidiary was Pioneer American Bank, N.A.

The Lake Ariel and Pioneer Holding Company mergers qualified as tax-free exchanges and were accounted for as poolings-of-interests. accordingly, these consolidated financial statements have been restated to present the combined consolidated financial condition and results of operations of all companies as if the mergers had been in effect for all years presented.

LA Bank, N.A. and Pioneer American Bank, N.A. were commercial banks headquartered in northeast Pennsylvania with approximately $570 million and $420 million, respectively, in assets at December 31, 1999, and twenty-two and eighteen branch offices, respectively, in five counties. Immediately following the mergers described above, Bancorp was the surviving holding company for NBT Bank, LA Bank, N.A., Pioneer American Bank, N.A. and NBT Financial Services, Inc. On November 10, 2000, LA Bank, N.A. changed its name to Pennstar Bank, N.A.. On December 9, 2000, Pioneer American Bank, N.A. was merged into Pennstar.

The following table presents net interest income, net income, and earnings per share reported by Lake Ariel, Pioneer Holding Company, the Company without Lake Ariel or Pioneer Holding Company (NBT) and the Company on a combined basis:

	FOR THE YEARS ENDED DECEMBER 31, 1999	1998
	(In thousands, except per share data)	
Net interest income:		
NBT	$ 60,582	57,403
Lake Ariel	14,341	12,330
Pioneer Holding Company	14,491	13,983
Combined	$ 89,414	83,716
Net income:		
NBT	$ 18,370	19,102
Lake Ariel	3,805	3,771
Pioneer Holding Company	4,082	4,022
Combined	$ 26,257	26,895
Basic earnings per share:		
NBT	$ 1.41	1.45
Lake Ariel	0.79	0.79
Pioneer Holding Company	1.41	1.39
Combined	1.14	1.16
Diluted earnings per share:		
NBT	$ 1.40	1.42
Lake Ariel	0.77	0.77
Pioneer Holding Company	1.39	1.36
Combined	1.12	1.14

On May 5, 2000, the Company consummated the acquisition of M. Griffith, Inc. a Utica, New York based securities firm offering investment, financial advisory and asset-management services, primarily in the Mohawk Valley region. At that time, M. Griffith, Inc., a full-service broker/dealer and a Registered Investment Advisor, became a wholly-owned subsidiary of NBT Financial Services, Inc. The acquisition was accounted for using the purchase method. As such, both the assets acquired and liabilities assumed have been recorded on the consolidated balance sheet of the Company at estimated fair value as of the date of acquisition. M. Griffith, Inc.'s, results of operations are included in the Company's consolidated statement of income from the date of acquisition forward. To complete the transaction, the Company issued approximately 421,000 shares of its common stock, valued at $4.8 million. Goodwill, representing the cost over net assets acquired, was $3.4 million and is being amortized over fifteen years on a straight-line basis.

On June 2, 2000, one of Bancorp's subsidiaries, LA Bank, N.A. (subsequently renamed Pennstar), purchased two branches from Mellon Bank. Deposits from the Mellon Bank branches were approximately $36.7 million, including accrued interest payable. In addition, the Company received approximately $32.2 million in cash as consideration for net liabilities assumed. The acquisition was accounted for using the purchase method. As such, both the assets acquired and liabilities assumed have been recorded on the consolidated balance sheet of the Company at estimated fair value as of the date of the acquisition. Goodwill, representing the excess of cost over net assets acquired, was $4.3 million and is being amortized over 15 years on the straight-line basis. The branches' results of operations are included in the Company's consolidated statement of income from the date of acquisition forward.

On November 10, 2000, Pennstar purchased six branches from Sovereign Bank. deposits from the Sovereign Bank branches were approximately $96.8 million, including accrued interest payable. Pennstar also purchased loans associated with the branches with a net book balance of $42.4 million. In addition, the Company received $40.9 million in cash consideration for net liabilities assumed. The acquisition was accounted for using the purchase method. As such, both the assets acquired and liabilities assumed have been recorded on the consolidated balance sheet of the Company at estimated fair value as of the date of the acquisition. Goodwill, representing the excess of cost over net assets acquired, was $12.7 million and is being amortized over 15 years on a straight-line basis. The branches' results of operations are included in the Company's consolidated statement of income from the date of acquisition forward.

During 2000, the following merger, acquisition and reorganization costs were recognized:

Professional fees	$ 8,525
Data processing	2,378
Severance	7,278
Branch closings	1,736
Advertising and supplies	1,337
Hardware and software write-offs	1,428
Miscellaneous	943
	$ 23,625

With the exception of hardware and software write-offs and certain branch closing costs, all of the above costs have been or will be paid through normal cash flow operations.

At December 31, 2000, after payments of certain merger, acquisition and reorganization costs, the Company had a remaining accrued liability for merger, acquisition and reorganization costs as follows:

Professional fees	$ 1,306
Data processing	1,445
Severance	6,901
Branch closings	541
Advertising and supplies	355
Miscellaneous	448
	$ 10,996

With the exception of certain severance costs which will be paid out over a period of time consistent with the respective service agreements, all of the above liabilities are expected to be paid during 2001.

PENDING ACQUISITION (UNAUDITED)

On January 2, 2001, the Company announced the signing of a definitive agreement to acquire First National Bancorp, Inc. (FNB) and its wholly owned subsidiary, The First National Bank of Northern New York (FNB Bank). FNB Bank is expected to be merged into NBT Bank, N.A. In the acquisition, shareholders of FNB will receive five shares of Bancorp common stock for each share of FNB common stock. Bancorp is expected to issue approximately 1 million shares of common stock, with a total value of approximately $15 million, based on the closing price of Bancorp stock on January 2, 2001. The acquisition is structured to be tax-free to shareholders of FNB and will be accounted for using the purchase method of accounting. Closing the acquisition is subject to approval by FNB's shareholders and regulatory authorities, and is expected to occur in the second quarter of 2001. At December 31, 2000, FNB Bank had assets of $114.2 million, deposits of $102.8 million and equity of $10.0 million. FNB Bank operates six full-service banking locations in New York State's North Country. NBT also announced a plan to repurchase approximately 1 million shares of its common stock specifically for issuance in the transaction.

(3) EARNINGS PER SHARE

The following is a reconciliation of basic and diluted earnings per share for the years presented in the consolidated statements of income:

	FOR THE YEARS ENDED DECEMBER 31,								
	2000			1999			1998		
	NET INCOME	WEIGHTED AVERAGE SHARES	PER SHARE AMOUNT	NET INCOME	WEIGHTED AVERAGE SHARES	PER SHARE AMOUNT	NET INCOME	WEIGHTED AVERAGE SHARES	PER SHARE AMOUNT
	(In thousands, except per share data)								
Basic Earnings per Share	$ 7,191	23,461	$ 0.31	$ 26,257	23,096	$ 1.14	$ 26,895	23,199	$ 1.16
Effect of dilutive securities:									
Stock based compensation		70			318			492	
Contingent shares		69			-			-	
Diluted earnings per share	$ 7,191	23,600	$ 0.30	$ 26,257	23,414	$ 1.12	$ 26,895	23,691	$ 1.14

There were approximately 743,000, 226,000 and 53,000 stock options for the years ended December 31, 2000, 1999 and 1998, respectively, that were not considered in the calculation of diluted earnings per share since the stock options' exercise prices were greater than the average market price during these periods.

(4) FEDERAL RESERVE BANK REQUIREMENT

The Company is required to maintain reserve balances with the Federal Reserve Bank. The required average total reserve for NBT Bank and Pennstar for the 14 day maintenance period ending December 27, 2000 was $14.4 million and $13.7 million, respectively.

(5) SECURITIES

The amortized cost, estimated fair value and unrealized gains and losses of securities available for sale are as follows:

	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
		(IN THOUSANDS)		
December 31, 2000:				
U.S. Treasury	$ 10,393	-	471	9,922
Federal Agency	124,695	186	2,680	122,201
State & municipal	43,304	496	337	43,463
Mortgage-backed	349,661	1,514	2,870	348,305
Collateralized mortgage obligations	39,782	673	757	39,698
Other securities	13,379	456	1,052	12,783
Total securities available for sale	$ 581,214	3,325	8,167	576,372

	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
		(IN THOUSANDS)		
December 31, 1999:				
U.S. Treasury	$ 10,400	-	1,865	8,535
Federal Agency	125,959	-	9,693	116,266
State & municipal	41,623	20	3,141	38,502
Mortgage-backed	408,083	9	16,600	391,492
Collateralized mortgage obligations	45,392	10	3,568	41,834
Other securities	10,107	362	371	10,098
Total securities available for sale	$ 641,564	401	35,238	606,727

The following table sets forth information with regard to sales transactions of securities available for sale:

	FOR THE YEARS ENDED DECEMBER 31, 2000	1999	1998
		(in thousands)	
Proceeds from sales	$ 9,296	110,073	184,669
Gross realized gains	151	1,805	1,571
Gross realized losses	1,367	2	4

During 1999, Lake Ariel adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." In connection with its adoption of SFAS No. 133, Lake Ariel transferred approximately $71.1 million of securities from its held to maturity portfolio to its available for sale portfolio. These securities were subsequently sold during 1999 at a net realized gain of $0.18 million.

In late December 2000, the Company decided to sell certain debt securities with an amortized cost of $21.7 million. These securities had net unrealized losses of approximately $1.4 million at December 31, 2000. As a result of the decision to immediately sell these securities, they were considered to be other than temporarily impaired, and the net loss was recorded in the Company's consolidated statement of income for the

year ended December 31, 2000. These securities were sold in early January, 2001 at a loss approximating the loss recorded in 2000. These securities were presented on the Company's December 31, 2000 consolidated balance sheet as trading securities.

At December 31, 2000 and 1999, securities available for sale with amortized costs totaling $525.0 million and $479.3 million, respectively, were pledged to secure public deposits and for other purposes required or permitted by law. At December 31, 2000, securities available for sale with an amortized cost of $33.9 were pledged as collateral for securities sold under repurchase agreements.

The amortized cost, estimated fair value, and unrealized gains and losses of securities held to maturity are as follows:

	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
		(IN THOUSANDS)		
December 31, 2000:				
Mortgage-backed	$ 46,376	70	918	45,528
State & municipal	55,990	460	192	56,258
Other securities	47	-	-	47
Total securities held to maturity	$ 102,413	530	1,110	101,833

	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
		(IN THOUSANDS)		
December 31, 1999:				
Mortgage-backed	$ 51,578	-	3,010	48,568
State & municipal	61,730	170	1,331	60,569
Other securities	10	-	-	10
Total securities held to maturity	$ 113,318	170	4,341	109,147

At December 31, 2000 and 1999, substantially all of the mortgage-backed securities held by the Company were issued or backed by Federal agencies.

The following tables set forth information with regard to contractual maturities of debt securities at December 31, 2000:

Debt Securities Classified AS AVAILABLE FOR SALE	AMORTIZED COST	ESTIMATED FAIR VALUE
	(in thousands)	
Within one year	$ 3,254	3,240
From one to five years	102,618	101,558
From five to ten years	177,778	178,136
After ten years	284,185	280,655
	$ 567,835	563,589

Debt Securities Classified AS HELD TO MATURITY	AMORTIZED COST	ESTIMATED FAIR VALUE
Within one year	$ 22,015	22,015
From one to five years	30,542	29,946
From five to ten years	7,965	7,982
After ten years	41,891	41,890
	$ 102,413	101,833

Maturities of mortgage-backed and collateralized mortgage obligations securities are stated based on their estimated average life. Actual maturities may differ from estimated average life or contractual maturities because, in certain cases, borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Except for U.S. Government securities, there were no holdings, when taken in the aggregate, of any single issues that exceeded 10% of consolidated stockholders' equity at December 31, 2000 and 1999.

(6) LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans, net of deferred fees and origination costs, by category is as follows:

	DECEMBER 31, 2000	DECEMBER 31, 1999
	(IN THOUSANDS)	
Residential real estate mortgages	$ 352,098	381,961
Commercial real estate mortgages	354,540	347,191
Real estate construction and development	41,466	23,188
Commercial and agricultural	499,854	331,535
Consumer	304,283	268,703
Home equity	174,241	114,289
Total loans	$ 1,726,482	1,466,867

FHLB advances are collateralized by a blanket lien on the Company's residential real estate mortgages.

Changes in the allowance for loan losses for the three years ended December 31, 2000, are summarized as follows:

	2000	1999	1998
		(IN THOUSANDS)	
Balance at January 1,	$ 19,711	18,231	16,450
Allowance related to purchase acquisitions	525	-	-
Provision	8,678	5,440	6,149
Recoveries on loans previously charged-off	1,040	1,064	1,036
Loans charged-off	(5,605)	(5,024)	(5,404)
Balance at December 31,	$ 24,349	19,711	18,231

The following table sets forth information with regard to non-performing loans:

	AT DECEMBER 31,		
	2000	1999	1998
		(IN THOUSANDS)	
Loans in non-accrual status	$ 12,688	7,596	7,673
Loans contractually past due 90 days or more and still accruing interest	8,181	2,026	2,755
Restructured loans	656	1,014	1,247
Total non-performing loans	$ 21,525	10,636	11,675

Accumulated interest on the above non-accrual loans of approximately $764,000, $802,000, and $921,000 would have been recognized as income in 2000, 1999, and 1998, respectively, had these loans been in accrual status. Approximately $382,000, $249,000, and $193,000 of interest on the above non-accrual loans was collected in 2000, 1999, and 1998, respectively.

At December 31, 2000 and 1999, the recorded investment in loans that are considered to be impaired totaled $11.9 million and $6.3 million, respectively, for which the related allowance for loan losses is $506,000 and $688,000, respectively. As of December 31, 2000 and 1999, there were $10.8 million and $4.5 million, respectively, of impaired loans which did not have an allowance for loan losses due to the adequacy of their collateral. As of December 31, 2000 and 1999, $656,000 and $1.0 million, respectively, of restructured loans were considered to be impaired.

The following provides additional information on impaired loans for the periods presented:

	FOR THE YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Average recorded investment on impaired loans	$ 8,391	5,800	7,900
Interest income recognized on impaired loans	308	200	200
Cash basis interest income recognized on impaired loans	308	200	200

RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company has made loans at prevailing rates and terms to directors, officers, and other related parties. Such loans, in management's opinion, did not present more than the normal risk of collectibility or incorporate other unfavorable features. The aggregate amount of loans outstanding to qualifying related parties and changes during the years are summarized as follows:

	2000	1999
	(IN THOUSANDS)	
Balance at January 1,	$ 12,647	7,351
New loans	3,732	6,950
Repayments	(6,941)	(1,654)
Balance at December 31,	$ 9,438	12,647

(7) PREMISES AND EQUIPMENT, NET

A summary of premises and equipment follows:

	DECEMBER 31, 2000	1999
	(IN THOUSANDS)	
Land, buildings and improvements	$ 47,522	46,655
Equipment	35,875	40,135
Construction in progress	302	1,399
	83,699	88,189
Accumulated depreciation	40,242	41,092
Total premises and equipment	$ 43,457	47,097

Rental expense included in occupancy expense amounted to $1.2 million in 2000, $1.3 million in 1999, and $1.3 million in 1998. The future minimum rental payments related to noncancellable operating leases with original terms of one year or more are as follows at December 31, 2000:

	(IN THOUSANDS)
2001	$ 1,239
2002	1,089
2003	557
2004	296
2005	200
Thereafter	643
Total	$ 4,024

(8) DEPOSITS

The following table sets forth the maturity distribution of time deposits at December 31, 2000:

	(IN THOUSANDS)
Within one year	$ 855,101
After one but within two years	155,106
After two but within three years	33,630
After three but within four years	9,409
After four but within five years	12,465
After five years	410
Total	$ 1,066,121

Time deposits of $100,000 or more aggregated $503.8 million and $383.4 million at year end 2000 and 1999, respectively.

(9) SHORT-TERM BORROWINGS

Short-term borrowings consist of Federal funds purchased and securities sold under repurchase agreements, which generally represent overnight borrowing transactions, and other short-term borrowings, primarily Federal Home Loan Bank (FHLB) advances, with original maturities of one year or less. The Company has unused lines of credit available for short-term financing of approximately $537 million and $326 million at December 31, 2000 and 1999, respectively. Securities collateralizing repurchase agreements are held in safekeeping by a non-affiliated financial institutions and are under the Company's control.

Information related to short-term borrowings is summarized as follows:

	2000	1999	1998
		(DOLLARS IN THOUSANDS)	
FEDERAL FUNDS PURCHASED:			
Balance at year-end	$ 50,000	58,130	28,000
Average during the year	52,218	45,628	36,773
Maximum month end balance	70,695	88,140	72,300
Weighted average rate during the year	5.95%	5.23%	5.57%
Weighted average rate at December 31	6.66%	5.46%	4.55%
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS:			
Balance at year-end	$ 27,970	39,187	41,671
Average during the year	37,036	38,267	35,185
Maximum month end balance	93,041	52,736	45,368
Weighted average rate during the year	4.66%	4.09%	4.04%
Weighted average rate at December 31	4.14%	4.43%	3.66%
OTHER SHORT-TERM BORROWINGS:			
Balance at year-end	$ 54,405	44,950	30,201
Average during the year	56,622	38,251	45,453
Maximum month end balance	73,831	74,950	50,165
Weighted average rate during the year	6.48%	5.40%	5.96%
Weighted average rate at December 31	6.62%	5.45%	5.62%

(10) LONG-TERM DEBT

Long-term debt consists of obligations having an original maturity at issuance of more than one year. A summary as of December 31, 2000 is as follows:

	MATURITY DATE	INTEREST RATE	AMOUNT
		(DOLLARS IN THOUSANDS)	
FHLB advance	2001	6.45-6.77	$ 11,042
FHLB advance	2002	6.27-6.63	32,884
FHLB advance	2003	5.74-5.86	50,000
FHLB advance	2005	4.40-6.41	30,000
FHLB advance	2008	5.06-7.20	35,144
Note payable	2008	6.60	527
FHLB advance	2009	4.97-5.50	75,000
Note payable	2010	6.50	275
Total			$234,872

FHLB advances are collateralized by the FHLB stock owned by the Company, certain of its mortgage-backed securities and a blanket lien on its residential real estate mortgage loans.

(11) INCOME TAXES

The significant components of income tax expense attributable to operations are:

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Current:			
Federal	$ 6,763	11,760	6,819
State	742	2,502	1,345
	7,505	14,262	8,164
Deferred:			
Federal	(2,942)	(521)	(786)
State	(568)	141	(229)
	(3,510)	(380)	(1,015)
Total income tax expense	$ 3,995	13,882	7,149

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	DECEMBER 31,	
	2000	1999
	(IN THOUSANDS)	
Deferred tax assets:		
Allowance for loan losses	$ 9,255	7,075
Net unrealized loss on securities available for sale	1,979	13,128
Deferred compensation	1,733	1,040
Postretirement benefit obligation	1,267	1,068
Loss on trading securities	504	-
Accrued severance and contract termination costs	678	-
Deferred loan fees, net	516	-
Intangible amortization	493	351
Other	362	510
Total gross deferred tax assets	16,787	23,172
Deferred tax liabilities:		
Prepaid pension obligation	823	389
Premises and equipment, primarily due to accelerated depreciation	1,739	1,290
Equipment leasing	616	567
Securities discount accretion	588	480
Tax bad debt reserve	437	226
Other	21	18
Total gross deferred tax liabilities	4,224	2,970
Net deferred tax assets	$ 12,563	20,202

Realization of deferred tax assets is dependent upon the generation of future taxable income or the existence of sufficient taxable income within the available carryback period. A valuation allowance is provided when it is more likely than not that some portion of the deferred tax asset will not be realized. Based on available evidence, gross deferred tax assets will ultimately be realized and a valuation allowance was not deemed necessary at December 31, 2000 and 1999.

The following is a reconciliation of the provision for income taxes to the amount computed by applying the applicable Federal statutory rate of 35% to income before taxes:

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
		(IN THOUSDANDS)	
Federal income tax at statutory rate	$ 3,915	14,049	11,915
Tax exempt income	(2,025)	(1,816)	(1,546)
Non-deductible expenses	274	443	354
Non-deductible merger expenses	2,122	-	-
State taxes, net of federal tax benefit	113	1,718	725
Federal income tax benefit from corporate realignment	-	-	(4,186)
Other, net	(404)	(512)	(113)
Income tax expense	$ 3,995	13,882	7,149

(12) STOCKHOLDERS' EQUITY

Certain restrictions exist regarding the ability of the subsidiary banks to transfer funds to the Company in the form of cash dividends. The approval of the Comptroller of the Currency is required to pay dividends in excess of a subsidiary bank's earnings retained in the current year plus retained net profits for the preceding two years (as defined in the regulations) or when a bank fails to meet certain minimum regulatory capital standards. At December 31, 2000, the subsidiary banks have the ability to pay $5.1 million in dividends to Bancorp without obtaining prior regulatory approval. Under the State of Delaware General Corporation Law, the Company may declare and pay dividends either out of accumulated net retained earnings or capital surplus.

In November 1994, the Company adopted a Stockholder Rights Plan (Plan) designed to ensure that any potential acquiror of the Company negotiate with the Board of Directors and that all Company stockholders are treated equitably in the event of a takeover attempt. At that time, the Company paid a dividend of one Preferred Share Purchase Right (Right) for each outstanding share of common stock of the Company. Similar rights are attached to each share of the Company's common stock issued after November 15, 1994. Under the Plan, the Rights will not be exercisable until a person or group acquires beneficial ownership of 20 percent or more of the Company's outstanding common stock, begins a tender or exchange offer for 25 percent or more of the Company's outstanding common stock, or an adverse person, as declared by the Board of Directors, acquires 10 percent or more of the Company's outstanding common stock. Additionally, until the occurrence of such an event, the Rights are not severable from the Company's common stock and, therefore, the Rights will be transferred upon the transfer of shares of the Company's common stock. Upon the occurrence of such events, each Right entitles the holder to purchase one one-hundredth of a share of Series R Preferred Stock, $0.01 par value per share of the Company at a price of $100.

The Plan also provides that upon the occurrence of certain specified events, the holders of Rights will be entitled to acquire additional equity interests, in the Company or in the acquiring entity, such interests having a market value of two times the Right's exercise price of $100. The Rights, which expire November 14, 2004, are redeemable in

whole, but not in part, at the Company's option prior to the time they are exercisable, for a price of $0.01 per Right.

(13) REGULATORY CAPITAL REQUIREMENTS

Bancorp and the subsidiary banks are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the subsidiary banks must meet specific capital guidelines that involve quantitative measures of the banks' assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classifications are also subject to qualitative judgements by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the subsidiary banks to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 Capital to risk-weighted assets, and of Tier 1 capital to average assets. As of December 31, 2000 and 1999, the Company and the subsidiary banks meet all capital adequacy requirements to which they were subject.

Under their prompt corrective action regulations, regulatory authorities are required to take certain supervisory actions (and may take additional discretionary actions) with respect to an undercapitalized institution. Such actions could have a direct material effect on an institution's financial statements. The regulations establish a framework for the classification of banks into five categories: well capitalized, adequately capitalized, under capitalized, significantly under capitalized, and critically under capitalized. As of December 31, 2000, the most recent notification from the respective banks' (or their predecessor banks) regulators categorized NBT Bank as well capitalized and Pennstar as adequately capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized and adequately capitalized the banks must maintain minimum total risk-based, Tier 1 risk-based, Tier 1 capital to average asset ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the subsidiary banks' categories.

The Company and the subsidiary banks' actual capital amounts and ratios are presented as follows:

(DOLLARS IN THOUSANDS)	ACTUAL AMOUNT	ACTUAL RATIO	REGULATORY RATIO REQUIREMENTS: MINIMUM CAPITAL ADEQUACY	REGULATORY RATIO REQUIREMENTS: FOR CLASSIFICATION AS WELL CAPITALIZED
As of December 31, 2000:				
Total capital (to risk weighted assets):				
Company combined	$ 205,837	11.48%	8.00%	10.00%
NBT Bank	123,419	11.73%	8.00%	10.00%
Pennstar	63,263	8.97%	8.00%	10.00%
Tier I Capital (to risk weighted assets):				
Company combined	183,842	10.25%	4.00%	6.00%
NBT Bank	109,973	10.48%	4.00%	6.00%
Pennstar	54,981	7.80%	4.00%	6.00%
Tier I Capital (to average assets):				
Company combined	183,842	7.10%	4.00%	5.00%
NBT Bank	109,973	7.40%	4.00%	5.00%
Pennstar	54,981	5.12%	4.00%	5.00%
As of December 31, 1999:				
Total capital (to risk weighted assets):				
Company combined	$ 220,967	14.95%	8.00%	
NBT Bank	132,427	14.59%	8.00%	10.00%
LA Bank	40,896	13.03%	8.00%	10.00%
Pioneer Bank	37,279	15.76%	8.00%	10.00%
Tier I Capital (to risk weighted assets):				
Company combined	203,722	13.78%	4.00%	
NBT Bank	121,047	13.33%	4.00%	6.00%
LA Bank	38,215	12.17%	4.00%	6.00%
Pioneer Bank	34,321	14.51%	4.00%	6.00%
Tier I Capital (to average assets):				
Company combined	203,722	8.63%	3.00%	
NBT Bank	121,047	8.84%	3.00%	5.00%
LA Bank	38,215	6.85%	3.00%	5.00%
Pioneer Bank	34,321	8.07%	4.00%	5.00%

(14) EMPLOYEE BENEFIT PLANS

PENSION PLAN

The Company has a qualified, noncontributory pension plan covering substantially all of its employees. M. Griffith, Inc., Lake Ariel and Pioneer Holding Company did not provide for pension benefits. As such, M. Griffith, Inc. and Pennstar employees are not included in this plan at December 31, 2000. M. Griffith, Inc. and Pennstar employees began to participate and accrue benefits under this Plan as of January 1, 2001. No benefit credit was provided in the Company's plan for service with M. Griffith, Inc., Lake Ariel or Pioneer Holding Company. Benefits paid from the plan are based on age, years of service, compensation, social security benefits, and are determined in accordance with defined formulas. The Company's policy is to fund the pension plan in accordance with ERISA standards. Assets of the plan are invested in publicly traded stocks and bonds. Prior to January 1, 2000, the Company's plan was a traditional defined benefit plan based on final average compensation. On January 1, 2000, the plan was converted to a cash balance plan with grandfathering provisions for existing participants.

The net periodic pension expense and the funded status of the plan are as follows:

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
		(IN THOUSANDS)	
Components of net periodic benefit cost:			
Service cost	$ 883	892	701
Interest cost	1,492	1,457	1,354
Expected return on plan assets	(1,922)	(1,935)	(1,705)
Amortization of initial unrecognized asset	(109)	(109)	(109)
Amortization of prior service cost	223	257	257
Amortization of unrecognized net gain	(62)	-	-
Net periodic pension cost	$ 505	562	498
Change in projected benefit obligation:			
Benefit obligation at beginning of year	(20,145)	(21,434)	(19,490)
Service cost	(883)	(892)	(701)
Interest cost	(1,492)	(1,457)	(1,354)
Actuarial(loss) gain	(1,057)	2,402	(1,119)
Benefits paid	2,049	1,236	1,230
Prior service cost	296	-	-
Projected benefit obligation at end of year	$ (21,232)	(20,145)	(21,434)
Change in plan assets:			
Fair value of plan assets at beginning of year	21,990	21,931	19,432
Actual return on plan assets	323	745	3,671
Employer contributions	-	550	58
Benefits paid	(2,049)	(1,236)	(1,230)
Fair value of plan assets at end of year	$ 20,264	21,990	21,931

	AT DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Plan assets (less than) in excess of projected benefit obligation	$ (968)	1,845	497
Unrecognized portion of net asset at transition	(976)	(1,085)	(1,194)
Unrecognized net actuarial loss	(740)	(3,459)	(2,247)
Unrecognized prior service cost	3,157	3,677	3,934
Prepaid pension cost	$ 473	978	990
Weighted average assumptions as of December 31,			
Discount rate	7.25%	7.75%	6.75%
Expected long-term return on plan assets	9.00%	9.00%	9.00%
Rate of compensation increase	4.00%	4.00%	4.00%

In addition to the Company's non-contributory defined benefit retirement and pension plan, the Company provides a supplemental employee retirement plan to certain executives. The amount of the liability recognized in the Company's consolidated balance sheets was $3.0 million and $1.5 million at December 31, 2000 and 1999, respectively. The charges to expense with respect to this plan amounted to $1.7 million, $0.2 million and $0.2 million for the years ended December 31, 2000, 1999, and 1998, respectively. The discount rate used in determining the actuarial present value of the projected benefit obligation was 7.25%, 7.75%, and 6.75% at December 31, 2000, 1999, and 1998, respectively.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Company provides certain health care benefits for retired employees. Benefits are accrued over the employees' active service period. Lake Ariel and Pioneer Holding Company did not provide such benefits to retired employees. As such, Pennstar employees are not included in this plan as of December 31, 2000. Pennstar employees began to participate in this plan and to accrue benefits under this plan as of January 1, 2001. The plan is contributory for participating retirees, requiring participants to absorb certain deductibles and coinsurance amounts with contributions adjusted annually to reflect cost sharing provisions and benefit limitations called for in the plan. employees become eligible for these benefits if they reach normal retirement age while working for the Company. The Company funds the cost of postretirement health care as benefits are paid. The Company elected to recognize the transition obligation on a delayed basis over twenty years.

The net postretirement health benefits expense and funded status are as follows:

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Components of net periodic benefit cost:			
Service cost	$ 199	235	205
Interest cost	294	278	261
Amortization of transition obligation	85	85	85
Amortization of gains and losses	-	24	25
Net periodic postretirement benefit cost	$ 578	622	576
Change in accumulated benefit obligation:			
Benefit obligation at beginning of the year	3,815	4,350	4,158
Service cost	199	235	205
Interest cost	294	278	261
Plan participants' contribution	129	106	95
Actuarial loss (gain)	434	(932)	(172)
Benefits paid	(260)	(222)	(197)
Accumulated benefit obligation at end of year	$ 4,611	3,815	4,350
Components of accrued benefit cost:			
Funded status	$ (4,611)	(3,815)	(4,350)
Unrecognized transition obligation	1,018	1,103	1,188
Unrecognized actuarial net loss	586	152	1,108
Accrued benefit cost	$ (3,007)	(2,560)	(2,054)
Weighted average discount rate	7.25%	7.75%	6.75%

The Company used a health care trend rate in calculating the postretirement accumulated benefit obligation of 8.0% at December 31, 2000, grading down uniformly to 5.5% for 2005 and thereafter.

Assumed health care cost trend rates have a significant effect on amounts reported for health care plans. A one-percentage point change in the health care trend rates would have the following effects as of and for the year ended December 31, 2000:

	1-PERCENTAGE POINT INCREASE	1-PERCENTAGE POINT DECREASE
	(IN THOUSANDS)	
Effect on total service and interest cost components	$ 128	(100)
Effect on postretirement accumulated benefit obligation	$ 966	(786)

EMPLOYEE SAVINGS AND STOCK OWNERSHIP PLANS

The Company maintains a 401(k) and employee stock ownership plan (the Plan). The Company contributes to the Plan based on employees' contributions out of their annual salary. In addition, the Company may also make discretionary contributions to the Plan based on profitability. Participation in the plan is contingent upon certain age and service requirements. The Company recorded expenses associated with the plan of $1.0 million in 2000, $1.1 million in 1999 and $1.0 million in 1998.

Additionally, LA Bank, N.A. maintained a profit-sharing plan and a 401(k) savings plan. The expense associated with these plans was $0.3 million in 2000, $0.2 million in 1999 and $0.3 million in 1998. Pioneer American Bank, N.A. maintained an ESOP and savings and investment plan. The expense associated with this plan was $0.2 million in 2000, $0.1 million in 1999 and $0.1 million in 1998.

On January 1, 2001, the LA Bank, N.A. and Pioneer American Bank, N.A. plans were merged into the Company's plan.

STOCK OPTION PLANS

At December 31, 2000, the Company has two stock option plans (Plans). Under the terms of the plans, options are granted to key employees to purchase shares of the Company's common stock at a price equal to the fair market value of the common stock on the date of the grant. Options granted terminate eight or ten years from the date of the grant.

The per share weighted-average fair value of stock options granted during 2000, 1999 and 1998 was $3.35, $5.47 and $6.70, respectively. The fair value of each award is estimated on the grant date using the Black-scholes option pricing model with the following weighted-average assumptions used for grants in the years ended December 31:

	2000	1999	1998
Dividend yield	5.34%	3.72%	2.75%
Expected volatility	29.88%	29.05%	21.86%
Risk-free interest rates	6.04%-6.62%	4.63%-6.16%	5.49%-5.62%
Expected life	7 years	7 years	7 years

The Company applies APB Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for its Plans and, accordingly, no compensation cost has been recognized for its stock options in the consolidated financial statements. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under SFAS No. 123, "Accounting for Stock-Based Compensation", the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

	2000	1999	1998
Net income:			
As reported	$ 7,191	26,257	26,895
Pro forma	6,354	25,519	26,367
Basic earnings per share:			
As reported	0.31	1.14	1.16
Pro forma	0.27	1.11	1.14
Diluted earnings per share:			
As reported	0.30	1.12	1.14
Pro forma	0.27	1.09	1.11

Because the Company's employee stock options have characteristics significantly different from those of traded options for which the Black-Scholes model was developed, and because changes in the subjective input assumptions can materially affect the fair value estimate, the existing models, in management's opinion, do not necessarily provide a reliable single measure of the fair value of its employee stock options.

The following is a summary of changes in options outstanding:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE OF EXERCISE PRICE OF OPTIONS UNDER THE PLANS
Balance at December 31, 1997	1,009,735	$ 8.14
Granted	191,255	18.06
Exercised	(101,189)	5.56
Lapsed	(3,336)	11.37
Balance at December 31, 1998	1,096,465	8.74
Granted	238,817	20.47
Exercised	(167,310)	7.24
Lapsed	(17,735)	16.23
Balance at December 31, 1999	1,150,237	14.21
Granted	422,369	14.37
Exercised	(277,880)	7.32
Lapsed	(30,117)	15.63
Balance at December 31, 2000	1,264,609	$ 14.21

The following table summarizes information concerning stock options outstanding at December 31, 2000:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (IN YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$4.01-8.50	95,991	0.56	$ 6.47	95,991	$ 6.47
$8.51-13.00	425,693	7.21	12.56	347,286	10.56
$13.01-17.50	358,725	8.91	17.12	1,050	17.12
$17.51-22.00	384,200	7.65	19.47	187,637	19.24
$4.01-22.00	1,264,609	6.85	$ 14.21	631,964	$ 12.52

(15) COMMITMENTS AND CONTINGENT LIABILITIES

The Company's concentrations of credit risk are reflected in the consolidated balance sheets. The concentrations of credit risk with standby letters of credit, unused lines of credit and commitments to originate new loans and loans sold with recourse generally follow the loan classifications. At December 31, 2000, approximately 59% of the Company's loans are secured by real estate located in central and northern New York and northeastern Pennsylvania. Accordingly, the ultimate collectibility of a substantial portion of the Company's portfolio is susceptible to changes in market conditions of those areas. Management is not aware of any material concentrations of credit to any industry or individual borrowers.

The Company is a party to certain financial instruments with off balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, unused lines of credit, and standby letters of credit, as well as certain mortgage loans sold to investors with recourse. The Company's exposure to credit loss in the event of nonperformance by the other party to the commitments to extend credit, unused lines of credit, standby letters of credit and loans sold with recourse is represented by the contractual amount of those instruments. The Company uses the same credit standards in making commitments and conditional obligations as it does for on balance sheet instruments.

	AT DECEMBER 31, 2000	1999
	(IN THOUSANDS)	
Commitments to extend credits, primarily variable rate	$ 230,668	214,300
Unused lines of credit	164,062	206,699
Standby letters of credit	6,249	3,926
Loans sold with recourse	20,000	-

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

(16) PARENT COMPANY FINANCIAL INFORMATION

CONDENSED BALANCE SHEETS

ASSETS	DECEMBER 31, 2000	1999
	(IN THOUSANDS)	
Cash and cash equivalents	$ 7,632	1,880
Securities available for sale	8,759	7,724
Investment in subsidiaries	207,461	181,043
Other assets	2,403	1,472
Total assets	$ 226,255	192,119
LIABILITIES AND STOCKHOLDERS' EQUITY		
Total liabilities	$ 18,234	647
Stockholders' equity	208,021	191,472
Total liabilities and stockholders' equity	$ 226,255	192,119

CONDENSED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
		(IN THOUSANDS)	
Dividends from subsidiaries	$ 30,000	18,515	15,953
Management fee from subsidiaries	17,266	-	-
Interest and other dividend income	762	353	345
Net gain on sale of securities available for sale	151	1,036	16
	48,179	19,904	16,314
Operating expense	34,055	1,009	395
Income before income tax expense (benefit) and (distributions in excess of) equity in undistributed income of subsidiaries	14,124	18,895	15,919
Income tax (benefit) expense	(5,738)	223	61
(Distributions in excess of) equity in undistributed income of subsidiaries	(12,671)	7,585	11,037
Net income	$ 7,191	26,257	26,895

CONDENSED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
		(IN THOUSANDS)	
Operating activities:			
Net income	$ 7,191	26,257	26,895
Adjustments to reconcile net income to net cash provided by operating activities:			
Net gains on sale of securities available for sale	(151)	(1,036)	(16)
Tax benefit from exercise of stock options	660	296	117
Distributions in excess of (equity in undistributed) income of subsidiaries	12,671	(7,585)	(11,037)
Other, net	1,683	(1,432)	(548)
Net cash provided by operating activities	22,054	16,500	15,411
Investing activities:			
Securities available for sale:			
Proceeds from sales	384	2,301	3,416
Purchases	(1,742)	(5,717)	(2,965)
Net cash (used in) provided by investing activities	(1,358)	(3,416)	451
Financing activities:			
Proceeds from the issuance of shares to employee benefit plans and other stock plans	507	6,221	4,846
Purchase of treasury shares	-	(6,948)	(9,127)
Cash dividends and payment for fractional shares	(15,451)	(12,946)	(11,864)
Net cash used in financing activities	(14,944)	(13,673)	(16,145)
Net increase (decrease) in cash and cash equivalents	5,752	(589)	(283)
Cash and cash equivalents at beginning of year	1,880	2,469	2,752
Cash and cash equivalents at end of year	$ 7,632	1,880	2,469

(17) FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments.

SHORT TERM INSTRUMENTS

For short-term instruments, such as cash and cash equivalents, accrued interest receivable, accrued interest payable and short term borrowings, carrying value approximates fair value.

SECURITIES

Fair values for securities are based on quoted market prices or dealer quotes, where available. Where quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

LOANS

For variable rate loans that reprice frequently and have no significant credit risk, fair values are based on carrying values. The fair values for fixed rate loans are estimated through discounted cash flow analysis using interest rates currently being offered for loans with similar terms and credit quality. The fair value of loans held for sale on an aggregate basis, are based on quoted market prices. Nonperforming loans are valued based upon recent loss history for similar loans.

DEPOSITS

The fair values disclosed for savings, money market, and noninterest bearing accounts are, by definition, equal to their carrying values at the reporting date. The fair value of fixed maturity time deposits is estimated using a discounted cash flow analysis that applies interest rates currently offered to a schedule of aggregated expected monthly maturities on time deposits.

OTHER BORROWINGS

The fair value of other borrowings has been estimated using discounted cash flow analysis that applies interest rates currently offered for notes with similar terms.

COMMITMENTS TO EXTEND CREDIT AND STANDBY LETTERS OF CREDIT

The fair value of commitments to extend credit and standby letters of credit are estimated using fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present credit worthiness of the counterparts. Carrying amounts, which are comprised of the unamortized fee income, are not significant.

Estimated fair values of financial instruments at December 31 are as follows:

	2000		1999	
	CARRYING AMOUNT	ESTIMATED FAIR VALUE	CARRYING AMOUNT	ESTIMATED FAIR VALUE
	(IN THOUSANDS)			
FINANCIAL ASSETS				
Cash and cash equivalents	$ 110,662	110,662	79,629	79,629
Trading securities	20,541	20,541	-	-
Securities available for sale	576,372	576,372	606,727	606,727
Securities held to maturity	102,413	101,833	113,318	109,147
Loans	1,726,482	1,699,421	1,466,867	1,461,915
Less allowance for loan losses	24,349	-	19,711	-
Net loans	1,702,133	1,699,421	1,447,156	1,461,915
Accrued interest receivable	14,382	14,382	13,422	13,422
FINANCIAL LIABILITIES				
Deposits:				
Interest bearing:				
Savings, NOW and money market	$ 671,980	671,980	605,334	605,334
Time deposits	1,066,121	1,068,502	903,862	903,862
Noninterest bearing	302,137	302,137	267,895	267,895
Short-term borrowings	132,375	132,375	142,267	142,267
Long-term debt	234,872	235,734	251,970	246,354
Accrued interest payable	16,428	16,428	9,925	9,925

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing on and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. For example, the Company has a substantial trust and investment management operation that contributes net fee income annually. The trust and investment management operation is not considered a financial instrument, and its value has not been incorporated into the fair value estimates. Other significant assets and liabilities include the benefits resulting from the low-cost funding of deposit liabilities as compared to the cost of borrowing funds in the market, and premises and equipment. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimate of fair value.

PART IV.

Item 14(b) -- Reports on FORM 8-K

During the quarter ended December 31, 2000, the Company filed the following Current Reports on Form 8-K:

Current report on Form 8-K, Items 5 and 7, filed with the Securities and Exchange Commission on October 6, 2000

Current report on Form 8-K, Items 5 and 7, filed with the Securities and Exchange Commission on November 8, 2000

DESCRIPTION OF EXHIBITS

Agreement and Plan of Merger by and between NBT Bancorp Inc. and First National Bancorp, Inc., dated as of January 2, 2001.
Certificate of Incorporation of NBT BANCORP INC., as amended through February 17, 2000.
By-laws of NBT BANCORP INC., as amended and restated through April 19, 2000.
NBT BANCORP INC. 401(k) and Employee Stock Ownership Plan made as of January 1, 2001.
NBT BANCORP INC. Defined Benefit Pension Plan Amended and Restated Effective as of January 1, 2000.
NBT BANCORP INC. 1993 Stock Option Plan as amended through January 24, 2000.
NBT Bancorp Inc. 2001 Executive Incentive Compensation Plan.
Change in control agreement with Daryl R. Forsythe.
Form of Employment Agreement between NBT Bancorp Inc. and Daryl R. Forsythe made as of January 1, 2000.
Supplemental Retirement Agreement between NBT Bancorp Inc., NBT Bank, National Association and Daryl R. Forsythe made as of January 1, 1995, and as revised on April 28, 1998, and on January 1, 2000.
Death Benefits Agreement between NBT Bancorp Inc., NBT Bank, National Association and Daryl R. Forsythe made August 22, 1995.
Wage Continuation Plan between NBT Bancorp Inc., NBT Bank, National Association and Daryl R. Forsythe made as of August 1, 1995.
Form of Employment Agreement between NBT Bancorp Inc. and Martin A. Dietrich made as of January 1, 2000.
Supplemental Retirement Agreement between NBT Bancorp Inc., NBT Bank, National Association and Martin A. Dietrich made as of January 1, 2000.
Form of Employment Agreement between NBT Bancorp Inc. and Michael J. Chewens made as of June 1, 2000.
Supplemental Retirement Agreement between NBT Bancorp Inc., NBT Bank, National Association and Michael J. Chewens made as of June 1, 2000.
NBT Bancorp Inc. and Subsidiaries Master Deferred Compensation Plan of Directors, adopted February 11, 1992.
Form of Change-In-Control Agreement between NBT Bancorp Inc. and the following officers of NBT Bancorp Inc. or one or more of its subsidiaries: Michael J. Chewens and Martin A. Dietrich.
Restricted Stock Agreement between NBT Bancorp Inc. and (Director) made January 1, 1999.
Restricted Stock Agreement between NBT Bancorp Inc. and (Director) made January 1, 2000.
Restricted Stock Agreement between NBT Bancorp Inc. and (Director) made January 1, 2001.
Severance Agreement and Mutual General Release between NBT Bancorp Inc. and John G. Martines.
Severance Agreement and Mutual General Release between NBT Bancorp Inc. and Joe C. Minor.
Severance Agreement and Mutual General Release between NBT Bancorp Inc. and John W. Reuther.
A list of the subsidiaries of the registrant.
Consent of KPMG LLP.

COPIES OF EXHIBITS ARE AVAILABLE UPON PAYMENT OF REPRODUCTION COSTS. SUBMIT YOUR WRITTEN REQUEST TO MICHAEL J. CHEWENS, EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER AND CORPORATE SECRETARY OF NBT BANCORP INC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report on FORM 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, this 26th day of March, 2001.

NBT BANCORP INC.
(Registrant)

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

/S/ MICHAEL J. CHEWENS
Michael J. Chewens
Executive Vice President
Chief Financial Officer and Corporate Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the date indicated.

/S/ J. PETER CHAPLIN	MARCH 26, 2001
J. Peter Chaplin, Director	DATE
/S/ RICHARD CHOJNOWSKI	MARCH 26, 2001
Richard Chojnowski, Director	DATE
/S/ DARYL R. FORSYTHE	MARCH 26, 2001
Daryl R. Forsythe, Director	DATE
/S/ EVERETT A. GILMOUR	MARCH 26, 2001
Everett A. Gilmour, Director	DATE
/S/ GENE E. GOLDENZIEL	MARCH 26, 2001
Gene E. Goldenziel, Director	DATE
/S/ PETER B. GREGORY	MARCH 26, 2001
Peter B. Gregory, Director	DATE
/S/ WILLIAM C. GUMBLE	MARCH 26, 2001
William C. Gumble, Director	DATE
/S/ BRUCE D. HOWE	MARCH 26, 2001
Bruce D. Howe, Director	DATE

/S/ ANDREW S. KOWALCZYK, JR.	MARCH 26, 2001
Andrew S. Kowalczyk, Jr., Director	DATE
/S/ JOHN G. MARTINES	MARCH 26, 2001
John G. Martines, Director	DATE
/S/ JOHN C. MITCHELL	MARCH 26, 2001
John C. Mitchell, Director	DATE
/S/ JOSEPH G. NASSER	MARCH 26, 2001
Joseph G. Nasser, Director	DATE
/S/ WILLIAM L. OWENS	MARCH 26, 2001
William L. Owens, Director	DATE
/S/ PAUL O. STILLMAN	MARCH 26, 2001
Paul O. Stillman, Director	DATE

EXHIBIT INDEX

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

FORM 10-K Exhibit Number		Exhibit Cross Reference
2.1	Agreement and Plan of Merger by and between NBT Bancorp Inc. and First National Bancorp, Inc., dated as of January 2, 2001. FORM S-4 Registration Statement, file number 333-55360 filed February 9, 2001 - Annex A	*
3.1	Certificate of Incorporation of NBT BANCORP INC., as amended through February 17, 2000. FORM S-4 Registration Statement, file number 333-55360 filed February 9, 2001 - Exhibit 4.1.	*
3.2	By-laws of NBT BANCORP INC., as amended and restated through April 19, 2000. Document is attached as Exhibit 3.2.	Herein
10.1	NBT BANCORP INC. 401(k) and Employee Stock Ownership Plan made as of January 1, 2001. Document is attached as exhibit 10.1	Herein
10.2	NBT BANCORP INC. Defined Benefit Pension Plan Amended and Restated Effective as of January 1, 2000. Document is attached as exhibit 10.2	Herein
10.3	NBT BANCORP INC. 1993 Stock Option Plan as amended through January 24, 2000. FORM 10-Q for the quarterly period ended March 31, 2000, filed May 15, 2000 -- Exhibit 10.1.	*
10.4	NBT Bancorp Inc. 2001 Executive Incentive Compensation Plan. Document is attached as Exhibit 10.4.	Herein
10.5	Change in control agreement with Daryl R. Forsythe. Document is attached as Exhibit 10.5.	Herein
10.6	Form of Employment Agreement between NBT Bancorp Inc. and Daryl R. Forsythe made as of January 1, 2000. Document is attached as exhibit 10.6.	Herein
10.7	Supplemental Retirement Agreement between NBT Bancorp Inc., NBT Bank, National Association and Daryl R. Forsythe made as of January 1, 1995, and as revised on April 28, 1998, and on January 1, 2000. Document is attached as Exhibit 10.7.	Herein
10.8	Death Benefits Agreement between NBT Bancorp Inc., NBT Bank, National Association and Daryl R. Forsythe made August 22, 1995. Document is attached as Exhibit 10.8.	Herein
10.9	Wage Continuation Plan between NBT Bancorp Inc., NBT Bank, National Association and Daryl R. Forsythe made as of August 1, 1995. Document is attached as Exhibit 10.9.	Herein

EXHIBIT INDEX (continued)

FORM 10-K Exhibit Number		Exhibit Cross Reference
10.10	Form of Employment Agreement between NBT Bancorp Inc. and Martin A. Dietrich made as of January 1, 2000. FORM 10-Q for the quarterly period ended March 31, 2000, filed May 13, 2000 -- Exhibit 10.4.	*
10.11	Supplemental Retirement Agreement between NBT Bancorp Inc., NBT Bank, National Association and Martin A. Dietrich made as of January 1, 2000. FORM 10-Q for the quarterly period ended March 31, 2000, filed May 13, 2000 -- Exhibit 10.5.	*
10.12	Form of Employment Agreement between NBT Bancorp Inc. and Michael J. Chewens made as of June 1, 2000. FORM 10-Q for the quarterly period ended September 30, 2000, filed November 14, 2000 -- Exhibit 10.1.	*
10.13	Supplemental Retirement Agreement between NBT Bancorp Inc., NBT Bank, National Association and Michael J. Chewens made as of June 1, 2000. FORM 10-Q for the quarterly period ended September 30, 2000, filed November 14, 2000 -- Exhibit 10.2.	*
10.14	NBT Bancorp Inc. and Subsidiaries Master Deferred Compensation Plan of Directors, adopted February 11, 1992. Document is attached as Exhibit 10.14.	Herein
10.15	Form of Change-In-Control Agreement between NBT Bancorp Inc. and the following officers of NBT Bancorp Inc. or one or more of its subsidiaries: Michael J. Chewens and Martin A. Dietrich. FORM 10-Q for the quarterly period ended March 31, 2000, filed May 13, 2000 -- Exhibit 10.9.	*
10.16	Restricted Stock Agreement between NBT Bancorp Inc. and (Director) made January 1, 1999. FORM 10-K for the year ended December 31, 1998, filed March 16, 1999 -- Exhibit 10.16. Substantially identical contracts for the following directors have been omitted: Andrew S. Kowalczyk, Jr.; Paul O. Stillman; John C. Mitchell; Everett A. Gilmour and Peter B. Gregory.	*
10.17	Restricted Stock Agreement between NBT Bancorp Inc. and (Director) made January 1, 2000. FORM 10-K for the year ended December 31, 1999, filed March 10, 2000 -- Exhibit 10.15. Substantially identical contracts for the following directors have been omitted: Andrew S. Kowalczyk, Jr.; Paul O. Stillman; John C. Mitchell; Everett A. Gilmour, Peter B. Gregory, J. Peter Chaplin, and William L. Owens.	*

EXHIBIT INDEX (continued)

FORM 10-K Exhibit Number		Exhibit Cross Reference
10.18	Restricted Stock Agreement between NBT Bancorp Inc. and (Director) made January 1, 2001. Document is attached as exhibit 10.18. Substantially identical contracts for the following directors have been omitted: J. Peter Chaplin, Richard Chojnowski, Everett A. Gilmour, Gene E. Goldenziel, Peter B. Gregory, William C. Gumble, Bruce D. Howe, Andrew S. Kowalczyk, Jr., John C. Mitchell, Joseph G. Nasser, William L. Owens and Paul O. Stillman.	Herein
10.19	Severance Agreement and Mutual General Release between NBT Bancorp Inc. and John G. Martines. Document is attached as Exhibit 10.19.	Herein
10.20	Severance Agreement and Mutual General Release between NBT Bancorp Inc. and Joe C. Minor. Document is attached as Exhibit 10.20.	Herein
10.21	Severance Agreement and Mutual General Release between NBT Bancorp Inc. and John W. Reuther. Document is attached as Exhibit 10.21.	Herein
21	A list of the subsidiaries of the registrant is attached as Exhibit 21.	Herein
23	Consent of KPMG LLP. Document is attached as Exhibit 23.	Herein

EXHIBIT 3.2

By-laws of NBT BANCORP INC., as amended and restated through April 19, 2000.

BY-LAWS OF

NBT BANCORP INC.
(herein called the "Corporation")

ARTICLE I. OFFICES

Section 1. PRINCIPAL OFFICE. The principal office of the Corporation shall be at:

52 South Broad Street
Norwich, New York 13815

or such other place as the Board of Directors may designate.

Section 2. OTHER OFFICES. In addition to its principal office, the Corporation may have offices at such other places, within or without the State of Delaware, as the Board of Directors may from time to time appoint or as the business of the Corporation may require.

ARTICLE II. STOCKHOLDERS

Section 1. ANNUAL MEETINGS. The annual meeting of the stockholders of the Corporation, for the purpose of electing directors for the ensuing year and for the transaction of such other business as may properly come before the meeting, shall be held at such time as may be specified by the Board of Directors.

Section 2. SPECIAL MEETINGS. A special meeting of the stockholders may be called at any time by the Board of Directors or by the Chairman of the Board of Directors, or, if there is none, by the President, or by the holders of not less than one-half of all the shares entitled to vote at such meeting.

Section 3. PLACE OF MEETINGS. Each annual meeting of the stockholders shall be held at the principal office of the Corporation, or at such other place, within or without the State of Delaware, as the Board of Directors may designate in calling such meeting.

Section 4. NOTICE OF MEETINGS. Written notice of each annual and each special meeting of the stockholders shall be given by or at the direction of the officer or other person calling the meeting. Such notice shall state the purpose or purposes for which the meeting is called, the time when and the place where it is to be held, and such other information as may be required by law. Except as otherwise required by law, a copy thereof shall be delivered personally, mailed in a postage prepaid envelope or transmitted electronically or by telegraph, cable or wireless, not less than ten (10) days nor more than sixty (60) days before such meeting to each stockholder of record entitled to vote at such meeting; and if mailed, it shall be directed to such stockholder at his address as it appears on the stock transfer books of the Corporation, unless he shall have filed with the Secretary of the Corporation a written request that notices intended for him be mailed to the address designated in such request. Notwithstanding the foregoing, a waiver of any notice herein or by law required, if in writing and signed by the person entitled to such notice, whether before

or after the time of the event for which notice was required to be given, shall be the equivalent of the giving of such notice. A stockholder who attends shall be deemed to have had timely and proper notice of the meeting, unless he attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Notice of any adjourned or recessed meeting need not be given if the time and place thereof are announced at the meeting at which the adjournment or recess is taken, unless the adjournment or recess is for more than 30 days, or if after the adjournment or recess a new record date is fixed for the adjourned or recessed meeting.

Section 5. QUORUM. Except as otherwise provided by law, at any meeting of the stockholders of the Corporation, the presence in person or by proxy of the holders of a majority of the total number of issued and outstanding shares of Common Stock of the Corporation shall constitute a quorum for the transaction of business. In the absence of a quorum, a majority in voting power of the stockholders present in person or represented by proxy and entitled to vote may adjourn the meeting from time to time and from place to place until a quorum is obtained. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

Section 6. ORGANIZATION. At every meeting of the stockholders, the Chairman of the Board, or failing him the President, or, in the absence of the Chairman of the Board and the President, a person chosen by a majority vote of the stockholders present in person or by proxy and entitled to vote, shall act as Chairman of the meeting. The Secretary, or an Assistant Secretary, or, in the discretion of the Chairman, any person designated by him, shall act as a secretary of the meeting.

Section 7. INSPECTIONS. The directors, in advance of any meeting, shall appoint one or more inspectors of election to act at the meeting or any adjournment thereof. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon discharge of his duties, shall take and sign an oath to execute faithfully the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspector or inspectors shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive and count votes, ballots or consents and hear and determine all challenges and questions arising in connection with the right to vote. The inspectors shall certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots, and shall make a report in writing of any challenge, question or matter determined by him or them and execute a certificate of any fact found by him or them.

Section 8. BUSINESS AND ORDER OF BUSINESS. At each meeting of the stockholders such business may be transacted as may properly be brought before such meeting, whether or not such business is stated in the notice of meeting or in a waiver of notice thereof, except as expressly provided otherwise by law or by these By-Laws. The order of business at all meetings of stockholders shall be as follows:

1. Call to order.

2. Selection of secretary of the meeting.

3. Determination of quorum.

4. Appointment of voting inspectors.

5. Nomination and election of directors.

6. Other business.

Section 9. VOTING. Except as otherwise provided by law or by the Certificate of Incorporation, holders of Common Stock of the Corporation shall be entitled to vote upon matters to be voted upon by the stockholders. At each meeting of stockholders held for any purpose, each stockholder of record of stock entitled to vote thereat shall be entitled to vote the shares of such stock standing in his name on the books of the Corporation on the date determined in accordance with Section 11 of this Article II, each such share entitling him to one vote.

If a quorum is present, the affirmative vote of a majority of the shares present or represented at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, unless the vote of a greater number is required by law or the Certificate of Incorporation.

The voting shall be by voice or by ballot as the Chairman may decide, except that upon demand for a vote by ballot on any question or election, made by any stockholder or his proxy present and entitled to vote on such question or election, such vote by ballot shall immediately be taken.

Section 10. VOTING LIST. The Secretary of the Corporation shall make, at least ten (10) days before each meeting of stockholders, a complete list of the stockholders entitled to vote at any such meeting or any adjournment thereof, with the address of and the number of shares held by each stockholder. Such list shall be opened to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any stockholder during the whole time of the meeting. The original stock transfer books shall be prima facie evidence as to who are the stockholders entitled to examine such list or transfer books or to vote at any meeting of stockholders.

If the requirements of this Section 10 have not been substantially complied with, the meeting shall, on the demand of any stockholder in person or by proxy, be adjourned until the requirements are complied with.

Section 11. RECORD DATES. (a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action other than stockholder action by written consent, the Board of Directors may fix a record date, which shall not precede the date such record date is fixed and shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any such other action. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given and the record date for any other purpose other than stockholder action by written consent shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within 10 days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the board of Directors within 10 days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or any officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

Section 12. ADJOURNMENT. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed

for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 13. ACTION BY STOCKHOLDERS WITHOUT A MEETING. Any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Prompt notice of the taking of any action by written consent shall be given to stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take the action were delivered to the Corporation as provided herein.

Section 14. PROXIES. At any meeting of the stockholders, each stockholder entitled to vote thereat may vote either in person or by proxy. Such proxy shall be in writing, subscribed by the stockholder or his duly authorized attorney, but need not be sealed, witnessed or acknowledged, and shall be filed with the Secretary at or before the meeting; provided, however, that no proxy shall be voted or acted upon after eleven months from its date, unless said proxy provides for a longer period.

ARTICLE III. DIRECTORS

Section 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, and all corporate powers shall be exercised by or under the direction of the Board of Directors, except as otherwise expressly required by these By-Laws, by the Certificate of Incorporation or by law.

Section 2. QUALIFICATION, NUMBER, CLASSIFICATION AND TERM OF OFFICE. Every director must be a citizen of the United States and have resided in the State of New York, or within two hundred miles of the location of the principal office of the Corporation, for at least one year immediately preceding his election, and must own $1,000.00 aggregate book value of Corporate Stock. The number of directors shall be not less than five nor more than twenty-five. A Board of Directors shall be elected in the manner provided in these By-Laws. Each director shall have one vote at any directors' meeting.

The Board of Directors shall be divided into three classes: Class 1, Class 2 and Class 3, which shall be as nearly equal in number as possible. Each director shall serve for a term ending on the date of the third Annual Meeting of Shareowners following the Annual Meeting at which such director was elected; provided, however, that each initial director in Class 1 shall hold office until the Annual Meeting of Shareowners in 1987; each initial director in Class 2

shall hold office until the Annual Meeting of Shareowners in 1988; and each initial director in Class 3 shall hold office until the Annual Meeting of Shareowners in 1989.

In the event of any increase or decrease in the authorized number of directors, (1) each director then serving as such shall nevertheless continue as a director of the class of which he is a member until the expiration of his current term, or his earlier resignation, removal from office or death, and (2) the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board of Directors among the three classes of directors so as to maintain such classes as nearly equal as possible.

Notwithstanding any of the foregoing provisions of this Section 2, each director shall serve until his successor is elected and qualified or until his earlier resignation, removal from office or death.

This Article III, Section 2, shall not be altered, amended or repealed except by an affirmative vote of at least sixty-six and two-thirds percent (66-2/3%) of the total number of shareowners.

Section 3. ELECTION OF DIRECTORS. At each meeting of the stockholders for the election of directors, a quorum being present, as defined in Section 5 of Article II, the election shall proceed as provided in these By-Laws and under applicable Delaware law. No election need be by written ballot.

If the election of directors shall not be held on the day designated for any annual meeting or at any adjournment of such meeting, the Board of Directors shall cause the election to be held at a special meeting of the stockholders as soon thereafter as may be convenient.

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

No person except Everett A. Gilmour shall be eligible for election or re-election as a director if he or she shall have attained the age of 70 years. Everett A. Gilmour shall not be eligible for election or re-election as director if he shall have attained the age of 78 years.

Nominations not made in accordance herewith may be disregarded by the Chairman of the meeting.

Section 4. REMOVAL OF DIRECTORS. Any director may be removed at any time, but only for cause, by the affirmative vote of a majority in voting power of the stockholders of record entitled to elect a successor, and present in person or by proxy at a special meeting of such stockholders for which express

notice of the intention to transact such business was given and at which a quorum shall be present.

Section 5. ORGANIZATION. The Board of Directors, by majority vote, may from time to time appoint a Chairman of the Board who shall preside over its meetings. The period and terms of the appointment shall be determined by the Board of Directors. The Secretary of the Corporation, or an Assistant Secretary, or, in the discretion of the Chairman, any person appointed by him, shall act as secretary of the meeting.

Section 6. PLACE OF MEETING, ETC. The Board of Directors may hold its meetings at such place or places within or without the State of Delaware as the Board of Directors may from time to time, by resolution determine, or (unless contrary to resolution of the Board of Directors), at such place as shall be specified in the respective notices or waivers of notice thereof. Unless otherwise restricted by law or by the Certificate of Incorporation, members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 6 shall constitute presence at such meeting. The Chairman or any person appointed by him shall act as secretary of the meeting.

Section 7. ANNUAL MEETING. The Board of Directors may meet, without notice of such meeting, for the purpose of organization, the election of officers and the transaction of other business, on the same day as, at the place at which, and as soon as practicable after each annual meeting of stockholders is held. Such annual meeting of directors may be held at any other time or place specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or in a waiver of notice thereof.

Section 8. REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such times and places as may be fixed from time to time by action of the Board of Directors. Unless required by resolution of the Board of Directors, notice of any such meeting need not be given.

Section 9. SPECIAL MEETINGS. Special meetings of the Board of Directors shall be held whenever called by the Chief Executive Officer, or by any three or more directors, or, at the direction of any of the foregoing, by the Secretary. Notice of each such meeting shall be mailed to each director, addressed to him at his residence or usual place of business, not less than three (3) days before the date on which the meeting is to be held; or such notice shall be sent to each director at such place by telegraph, cable, telephone or wireless, not less than twenty-four (24) hours before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting. Notice of any adjourned or recessed meeting of the directors need not be given.

Section 10. WAIVERS OF NOTICE OF MEETINGS. Anything in these By-Laws or in any resolution adopted by the Board of Directors to the contrary notwithstanding, proper notice of any meeting of the Board of Directors shall be deemed to have been given to any director if such notice shall be waived by him in writing (including telegraph, cable or wireless) before or after the meeting. A director who attends a meeting shall be deemed to have had timely and proper

notice thereof, unless he attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

Section 11. QUORUM AND MANNER OF ACTING. A majority of the directors shall constitute a quorum for the transaction of business. Except as may otherwise be expressly provided by these By-Laws, the act of a majority of the directors present at any meeting at which a quorum is present, shall be the act of the Board of Directors. In the absence of a quorum, a majority of the directors present may adjourn the meeting from time to time until a quorum be had. The directors shall act only as a Board and the individual directors shall have no power as such.

Section 12. RESIGNATIONS. Any director of the Corporation may resign at any time, in writing, by notifying the Chief Executive Officer, or the President or the Secretary of the Corporation. Such resignation shall take effect at the time therein specified; and, unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

Section 13. MANNER OF FIXING THE NUMBER OF DIRECTORS; VACANCIES.

The number of directors authorized to serve until the next annual meeting of stockholders of the Corporation shall be the number designated, at the annual meeting and prior to the election of directors, by the stockholders entitled to vote for the election of directors, by the stockholders entitled to vote for the election of directors at that meeting. Between annual meetings of the stockholders of the Corporation, the Board of Directors shall have the power to increase, by not more than three (3), the number of directors of the Corporation.

Any vacancy in the Board of Directors, caused by death, resignation, removal, disqualification, increase in the number of directors, or any other cause (other than an increase by more than three (3) in the number of directors), may be filled by the majority vote of the remaining directors then in office, though less than a quorum, at any regular meeting of the Board of Directors. If, at the time of the next election of directors by the stockholders, the term of office of any vacancy filled by the remaining directors has not expired, then the stockholders shall fill such vacancy for the remainder of the unexpired term. Any vacancy, including one caused by an increase in the number of directors, may be filled at a meeting called for such purpose, by vote of the stockholders.

Section 14. COMMITTEES. The Board of Directors may designate one or more Committees, each Committee to consist of one or more of the Directors of the Corporation, which to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation to the fullest extent permitted by law and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it. Such Committee or Committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

In the absence or disqualification of any member of any Committee appointed by the Board, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may

unanimously appoint another member of the Board to act at a meeting in the place of any such absent or disqualified member, subject, however, to the right of the Board of Directors to designate one or more alternate members of such Committee, which alternate members all have power to serve, subject to such conditions as the Board may prescribe, as a member or members of said Committee during the absence or inability to act of any one or more members of said Committee. The Board of Directors shall have the power at any time to change the membership of any Committee, to fill vacancies in it, or to dissolve it. A Committee may make rules for the conduct of its business and shall act in accordance therewith, except as otherwise provided herein or required by law. A majority of the members of the Committee shall constitute a quorum. A Committee shall keep regular minutes of its proceedings and report the same to the Board when required.

The Chief Executive Officer, if he is a director, shall be a voting member of all Committees of the Board of Directors, except the Audit Committee and the Compensation and Benefits Committee.

Section 15. DIRECTORS' ACTION WITHOUT A MEETING. Unless otherwise provided by the Certificate of Incorporation, any action required to be taken at a meeting of the directors, or any action which may be taken at a meeting of the directors or of a committee, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed before such action by all the directors, or all the members of the committee, as the case may be. Such consent shall have the same force and effect as a unanimous vote.

Section 16. COMPENSATION. Directors, as such, shall not receive any stated compensation for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board. Nothing in this section shall be construed to preclude a Director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE IV. OFFICERS

Section 1. OFFICERS. The officers of the Corporation shall be a Chairman of the Board of Directors, one or more Vice Chairmen of the Board of Directors, a President, a Treasurer and a Secretary, and where elected, one or more Vice-Presidents, and the holders of such other offices as may be established in accordance with the provisions of Section 3 of this Article. Any two or more offices may be held by the same person; provided only, that the same person shall not hold the offices of Chairman and Secretary.

Section 2. ELECTION, TERM OF OFFICE AND QUALIFICATIONS. The officers shall be elected annually by the Board of Directors, as soon as practicable after the annual election of directors in each year. Each officer shall hold office until his successor shall have been duly chosen and shall qualify, or until his death, resignation or removal in the manner hereinafter provided.

Section 3. SUBORDINATE OFFICERS. The Board of Directors may from time to time establish offices in addition to those designated in Section 1 of this Article IV with such duties as are provided in these By-Laws, or as they may from time to time determine.

Section 4. REMOVAL. Any officer may be removed, either with or without cause, by resolution declaring such removal to be in the best interests of the Corporation and adopted at any regular or special meeting of the Board of Directors by a majority of the directors then in office. Any such removal shall be without prejudice to the recovery of damages for breach of contract rights, if any, of the person removed. Election of appointment of an officer or agent shall not of itself, however, create contract rights.

Section 5. RESIGNATIONS. Any officer may resign at any time by giving written notice to the Board of Directors or the Chairman of the Board of Directors, the President or the Secretary of the Corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later time therein specified; and, unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective. However, no resignation hereunder, or the acceptance thereof by the Board of Directors, shall prejudice the contract or other rights, if any, of the Corporation with respect to the person resigning.

Section 6. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled for the unexpired portion of the term by the Board of Directors.

Section 7. COMPENSATION. Salaries or other compensation of the officers may be fixed from time to time by the Board of Directors or in such manner as it shall determine. No officer shall be prevented from receiving his salary by reason of the fact that he is also a director of the Corporation.

Section 8. CHAIRMAN OF THE BOARD OF DIRECTORS. Where there is a Chairman of the Board of Directors he shall be an officer and a director; and he may be the Chief Executive Officer of the Corporation and as such may have general supervision of the business of the Corporation, subject, however, to the control of the Board of Directors and of any duly authorized committee of directors. The Chief Executive Officer shall have full power and authority to cast any votes which the Corporation is entitled to cast as a shareholder of another corporation. Where there is no Chairman of the Board, or he is unable to discharge his duties, the powers of the Chairman shall be vested in the President. The Chairman of the Board shall preside at all meetings of stockholders and of the Board of Directors at which he is present.

Section 9. VICE CHAIRMAN OF THE BOARD OF DIRECTORS. The Vice Chairman shall be a director of the Corporation. In general, he shall perform all duties incident to the office of Vice Chairman and such other duties as may from time to time be designated to him by the Board of Directors or by any duly authorized committee of directors, and shall have such other powers and authorities as are conferred upon him elsewhere in these By-Laws.

Section 10. PRESIDENT. The President shall be a director and may be the Chief Executive Officer or the Chief Operating Officer of the Corporation. In general, he shall perform all duties incident to the office of the President and such other duties as may from time to time be designated to him by the Board of Directors or by any duly authorized committee of directors, and shall have such other powers and authorities as are conferred upon him elsewhere in these By-Laws.

Section 11. THE VICE PRESIDENTS. The Vice Presidents shall perform such duties as from time to time may be assigned to them by the Board of Directors, or by any duly authorized committee of directors or by the President, and shall have such other powers and authorities as are conferred upon them elsewhere in these By-Laws.

Section 12. TREASURER. Except as may otherwise be specifically provided by the Board of Directors or any duly authorized committee thereof, the Treasurer shall have the custody of, and be responsible for, all funds and securities of the Corporation; receive and receipt for money paid to the Corporation from any source whatsoever; deposit all such monies in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these By-Laws; against proper vouchers, cause such funds to be disbursed by check or draft on the authorized depositories of the Corporation signed in such manner as shall be determined in accordance with the provisions of these By-Laws; regularly enter or cause to be entered in books to be kept by him or under his direction, full and adequate accounts of all money received and paid by him for account of the Corporation; in general, perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors, or by any duly authorized committee of directors, or by the Chief Executive Officer, and have such other powers and authorities as are conferred upon him elsewhere in these By-Laws.

Section 13. SECRETARY. The Secretary shall act as Secretary of all meetings of the stockholders and of the Board of Directors of the Corporation; shall keep the minutes thereof in the proper books to be provided for that purpose; shall see that all notices required to be given by the Corporation are duly given and served; shall be the custodian of the seal of the Corporation and shall affix the seal or cause it to be affixed to all documents the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these By-Laws; shall have charge of the books, records and papers of the Corporation relating to its organization and management as a corporation, and shall see that any reports or statements relating thereto, required by law or otherwise, are properly kept and filed; shall, in general, perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors, or by any duly authorized committee of directors or by the Chief Executive Officer, and shall have such other powers and authorities as are conferred upon him elsewhere in these By-Laws.

Section 14. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. The Assistant Treasurers and Assistant Secretaries shall perform such duties as shall be assigned to them by the Treasurer and by the Secretary, respectively, or by the Board of Directors, or by any duly authorized committee of directors, or by the Chief Executive Officer, and shall have such other powers and authorities as are conferred upon them elsewhere in these By-Laws.

ARTICLE V. SHARES OF STOCK

Section 1. REGULATION. Subject to the terms of any contract of the Corporation, the Board of Directors may make such rules and regulations as it may deem expedient concerning the issue, transfer, and registration of certificates for shares of the stock of the Corporation, including the issue of

new certificates for lost, stolen or destroyed certificates and including the appointment of transfer agents and registrars.

Section 2. STOCK CERTIFICATES. Certificates for shares of the stock of the Corporation shall be respectively numbered serially for each class of shares, or series thereof and, as they are issued, shall be impressed with the corporate seal or a facsimile thereof, and shall be signed by the Chairman of the Board, the Vice Chairman, the President or any Vice President and by the Secretary or any Assistant Secretary, or any two officers of the Corporation designated by the Board of Directors, provided that such signatures may be facsimiles on any certificate countersigned by a transfer agent other than the Corporation or its employee or by a registrar other than the Corporation or its employee. Each certificate shall exhibit the name of the Corporation, the class (or series of any class) and number of shares represented thereby and the name of the holder. Each certificate shall be otherwise in such form as may be prescribed by the Board of Directors.

ARTICLE VI. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director of another corporation or of a partnership, joint venture, trust or other enterprise, or as a plan fiduciary with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a Director, officer, or plan fiduciary or in any other capacity while serving as a Director, officer or plan fiduciary, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter by amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article VI with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

Section 2. The right to indemnification conferred in Section 1 of this Article VI shall include the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately by determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such

expenses under this Section 2 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Section 1 and 2 of this Article VI shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a Director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

Section 3. If a claim under Sections 1 or 2 of this Article VI is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Director, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Section 15 or otherwise shall be on the Corporation.

Section 4. The rights to indemnification and to the advancement of expenses conferred in this Article VI shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation, By-Laws, agreement, vote of stockholders or disinterested Directors or otherwise.

Section 5. The Corporation may maintain insurance, at its expense, to protect itself and any Director, officer, employee or agent of the Corporation or of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

Section 6. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation, or any person serving at the request of the Corporation as an officer, employee or

agent of another entity, to the fullest extent of the provisions of this Section with respect to the indemnification and advancement of expenses of Directors and officers of the Corporation.

ARTICLE VII. MISCELLANEOUS

Section 1. SEAL. The corporate seal of the Corporation shall contain the name of the Corporation, the year of its creation, and the words "Corporate Seal, Delaware," and shall be in such form as may be approved by the Board of Directors.

Section 2. FISCAL YEAR. The fiscal year of the Corporation shall be as set by the Board of Directors.

Section 3. LOANS. Any officer or officers or agent or agents of the Corporation thereunto authorized by the Board of Directors or by any duly authorized committee of directors may effect loans or advances at any time for the Corporation, in the ordinary course of the Corporation's business, from any bank, trust company or other institution or from any firm, corporation or individual, and for such loans and advances may make, execute and deliver promissory notes, bonds or other certificates or evidences of indebtedness of the Corporation, and when authorized to do so may pledge and hypothecate or transfer any securities or other property of the Corporation as security for any such loans or advances. Such authority conferred by the Board of Directors or any duly authorized committee of directors may be general or confined to specific instances.

Section 4. CHECKS, DRAFTS, WITHDRAWAL OF SECURITIES, SAFE DEPOSIT BOXES, ETC. All checks, drafts and other orders for payment of money out of the funds of the Corporation shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by resolution of the Board of Directors or of any duly authorized committee of directors. The Corporation shall furnish to each depository, bank, custodian and entity providing safe deposit boxes, a certified copy of its resolution regarding the authorization of disbursements and the entry to safe deposit boxes or withdrawal of securities from safekeeping.

Section 5. DEPOSITS. The funds of the Corporation, not otherwise employed, shall be deposited from time to time to the order of the Corporation in such banks, trust companies or other depositories as the Board of Directors or any duly authorized committee of directors may from time to time select, or as may be selected by an officer or officers, or agent or agents, of the Corporation to whom such power may from time to time be delegated by the Board of Directors or any duly authorized committee of directors.

Section 6. CONTRACTS, ETC., HOW EXECUTED. The Chief Executive Officer, and those officers who are designated by resolution of the Board, shall be authorized to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation, and such authority may be delegated, in specific instances to such other officers, employees or agents as such authorized officers may designate.

Section 7. VOTING OF STOCK OR OTHER SECURITIES HELD. Unless otherwise provided by resolution of the Board of Directors, the Chief Executive Officer may from time to time appoint an attorney or attorneys or agent or agents of this Corporation, in the name and on behalf of this Corporation to cast the votes which this Corporation may be entitled to cast as a stockholder or otherwise in any other corporation, any of whose stock or securities may be held by this Corporation, at meetings of the holders of the stock or other securities of such other corporations, or to consent in writing to any action by any such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed on behalf of this Corporation and under its corporate seal, or otherwise, such written proxies, consents, waivers or other instruments that they may deem necessary or proper in the premises; or the Chief Executive Officer may attend any meeting of the holders of stock or other securities of any such other corporation and thereat vote or exercise any or all other powers of this Corporation as the holder of such stock or other securities of such other corporation.

Section 8. WAIVERS OF NOTICE. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation, or of these By-Laws, a waiver thereof in writing signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VIII. AMENDMENTS

Section 1. BY THE DIRECTORS. The Board of Directors by a majority vote thereof shall have the power to make, alter, amend or repeal the By-Laws of the Corporation at any regular or special meeting of the Board of Directors. This power shall not be exercised by any committee of the Board of Directors.

Section 2. BY THE STOCKHOLDERS. All By-Laws shall be subject to amendment, alteration or repeal by the vote of a majority of the total number of issued and outstanding shares of Common Stock of the Corporation entitled to vote at any annual or special meeting. The stockholders, at any annual or special meeting, may provide that certain By-Laws by them adopted, approved or designated may not be amended, altered or repealed except by a certain specified percentage in interest of the stockholders or by a certain specified percentage in interest of a particular class of stockholders.

Exhibit 10.1

NBT BANCORP INC. 401(K) and Employee Stock Ownership Plan

made as of January 1, 2001

TABLE OF CONTENTS

ARTICLE I
DEFINITIONS

ARTICLE II
ADMINISTRATION

2.1	POWERS AND RESPONSIBILITIES OF THE EMPLOYER	25
2.2	DESIGNATION OF ADMINISTRATIVE AUTHORITY	26
2.3	ALLOCATION AND DELEGATION OF RESPONSIBILITIES	26
2.4	POWERS AND DUTIES OF THE ADMINISTRATOR	26
2.5	RECORDS AND REPORTS	27
2.6	APPOINTMENT OF ADVISERS	28
2.7	PAYMENT OF EXPENSES	28
2.8	CLAIMS PROCEDURE	28

ARTICLE III
ELIGIBILITY

3.1	INITIAL ELIGIBILITY TO BECOME PARTICIPANT	30
3.2	DETERMINATION OF ELIGIBILITY	30
3.3	TERMINATION OF ELIGIBILITY	30
3.4	ERRONEOUS OMISSION OF ELIGIBLE EMPLOYEE	31
3.5	ERRONEOUS INCLUSION OF INELIGBLE EMPLOYEE	31
3.6	ELECTION NOT TO PARTICIPATE	31
3.7	COMPLIANCE WITH USERRA	31

ARTICLE IV
CONTRIBUTION AND ALLOCATION

4.1 FORMULA FOR DETERMINING EMPLOYER CONTRIBUTION.. 32
4.2 PARTICIPANT'S SALARY REDUCTION ELECTION.. 33
4.3 TIME OF PAYMENT OF EMPLOYER CONTRIBUTION.. 36
4.4 ALLOCATION OF CONTRIBUTION, FORFEITURES AND EARNINGS.................................. 36
4.5 ACTUAL DEFERRAL PERCENTAGE TESTS.. 40
4.6 ADJUSTMENT TO ACTUAL DEFERRAL PERCENTAGE TESTS.. 41
4.7 ACTUAL CONTRIBUTION PERCENTAGE TESTS.. 42
4.8 ADJUSTMENT TO ACTUAL CONTRIBUTION PERCENTAGE TESTS.................................... 44
4.9 MAXIMUM ANNUAL ADDITIONS... 46
4.10 ADJUSTMENT FOR EXCESSIVE ANNUAL ADDITIONS... 49
4.11 TRANSFERS FROM QUALIFIED PLANS.. 51
4.12 DIRECTED INVESTMENT ACCOUNT... 52

ARTICLE V
FUNDING AND INVESTMENT POLICY

5.1 INVESTMENT POLICY.. 54
5.2 TRANSACTIONS INVOLVING COMPANY STOCK.. 54

ARTICLE VI
VALUATIONS

6.1 VALUATION OF THE TRUST FUND........ 56
6.2 METHOD OF VALUATION........ 56

ARTICLE VII
DETERMINATION AND DISTRIBUTION OF BENEFITS

7.1 DETERMINATION OF BENEFITS UPON RETIREMENT........ 57
7.2 DETERMINATION OF BENEFITS UPON DEATH........ 57
7.3 DETERMINATION OF BENEFITS IN EVENT OF DISABILITY........ 58
7.4 DETERMINATION OF BENEFITS UPON TERMINATION........ 58

ARTICLE VIII
PAYMENT OR DISTRIBUTION OF BENEFIT

8.1 TIME FOR DISTRIBUTION OF BENEFITS........ 63
8.2 MANNER OF DISTRIBUTION........ 63
8.3 DEFERRED DISTRIBUTION; ALTERNATIVE METHODS OF DISTRIBUTION........ 65
8.4 DISTRIBUTIONS TO MARRIED PARTICIPANTS........ 67
8.5 TRANSITIONAL RULE........ 68
8.6 NOTICE OF DEATH RETIREMENTS OF TERMINATION OF SERVICES........ 68

8.7 PAYMENT OF LUMP SUM 68
8.8 PAYMENT OF INSTALLMENTS.. 68
8.9 DISTRIBUTION OF ANNUITY CONTRACTS.. 68
8.10 DISTRIBUTION TO QUALIFIED RETIRMENT PLAN.. 69
8.11 CESSATION OF INTEREST... 69
8.12 MISSING PERSONS... 69
8.13 MAILING OF BENEFITS..69
8.14 MINORS OF INCOPETENTS..69
8.15 HOW PLAN BENEFIT WILL BE DISTRIBUTED...70
8.16 RIGHT OF FIRST REFUSALS..71
8.17 STOCK CERTIFICATE LEGEND...71
8.18 PUT OPINION...72
8.19 QUALIFIED DOMESTIC RELATIONS ORDER DISTRIBUTION.......................................73

ARTICLE IX
WITHDRAWALS AND TRANSFERS FROM ACCOUNTS

9.1 ADVANCE DISTRIBUTION FOR HARDSHIP... 74
9.2 WITHDRAWALS FROM ROLLOVER CONTRIBUTION ACCOUNT....................................... 75
9.3 WITHDRAWALS FROM EMPLOYER CONTRIBUTION ACCOUNTS AFTER AGE FIFTY-NINE AND ONE-HALF...... 75

ARTICLE X
TRUSTEE

10.1 BASIC RESPONSIBILITES OF THE TRUSTEE.. 77
10.2 INVESTMENT POWERS AND DUTIES OF THE TRUSTEE...78
10.3 OTHER POWERS OF THE TRUSTEE..79
10.4 LOAN TO PARTICIPANTS..81
10.5 VOTING COMPANY STOCK..83
10.6 DUTIES OF THE TRUSTEE REGARDING PAYMENTS..84
10.7 TRUSTEE'S COMPENSATION AND EXPENSES AND TAXES...84
10.8 ANNUAL REPORT OF THE TRUSTEE...85
10.9 AUDIT..85
10.10 RESIGNATION, REMOVAL AND SUCCESSION OF TRUSTEE..86
10.11 TRANSFER OF INTEREST...87
10.12 DIRECT ROLLOVER..87

ARTICLE XI
AMENDMENT, TERMINATION & MERGERS

11.1 AMENDMENT.. 89
11.2 TERMINATION.. 89
11.3 MERGER OF CONSOLIDATION.. 90

ARTICLE XII
TOP HEAVY

12.1 TOP HEAVY PLAN EQUIRMENTS.....91
12.2 DETERMINATION OF TOP HEAVY STATUS.....91

ARTICLE XIII
MISCELLANEOUS

13.1 PARTICIPANT RIGHTS.....95
13.2 ALIENATION.....95
13.3 CONSTRICTION OF PLAN.....96
13.4 GENDER & NUMBER.....96
13.5 LEGAL ACTION.....96
13.6 PROHIBITION AGAINST DIVERSION OF FUND.....96
13.7 BONDING.....97
13.8 EMPLOYEE'S & TRUSTEE'S PROTECTIVE CLAUSE.....97
13.9 INSURER'S PROTECTIVE CLAUSE.....97
13.10 RECEIPT & RELEASE FOR PAYMENTS.....97
13.11 ACTION BY THE EMPLOYER.....98
13.12 NAMED FIDUCIARIES & ALLOCATION OF RESPONSIBILITY.....98
13.13 HEADINGS.....98
13.14 APPROVAL BY INTERNAL REVENUE SERVICE.....99
13.15 UNIFORMITY.....99
13.16 SECURITIES & EXCHANGE COMMISSION APPROVAL.....99

13.17 SPECIAL DISTRIBUTION FORMS..99

NBT BANCORP, INC. 401(K) AND EMPLOYEE STOCK OWNERSHIP PLAN

THIS AGREEMENT, hereby made and entered into as of the 1st day of January, 2001, by and between NBT Bancorp, Inc. (herein referred to as the "Employer") and NBT Bank, N.A. (herein referred to as the "Trustee").

W I T N E S E T H:

WHEREAS, the Employer heretofore established an Employee Stock Ownership Plan and Trust effective January 1, 1979 (hereinafter called the "Effective Date"), known as the NBT Bancorp, Inc. Employee Stock Ownership Plan and, effective April 1, 1994, established a tax deferred savings plan, known as the NBT Bancorp 401(k) Retirement Plan. Effective January 1, 1997, the NBT Bancorp 401(k) Retirement Plan was merged into the NBT Bancorp, Inc. Employee Stock Ownership Plan in conjunction with this merger in order to comply with the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA"), the Uruguay Round Agreements Act ("GATT"), the Small Business Job Protection Act of 1996 ("SBJPA"), the Taxpayer Relief Act of 1997 ("TRA `97"), and the IRS Restructuring and Reform Act of 1998 ("IRRA") the plan was amend and restated to incorporate all necessary language and changes. That plan was thereinafter known as the NBT Bancorp, Inc. 401(k) and Employee Stock Ownership Plan (the "Plan"). This Plan is now being amended to incorporate the merger of the BSB Bank & Trust Company 401(k) Savings Plan, LA Bank, N.A. Profit Sharing/401(k) Plan, Pioneer American Bank N.A. 401(k) Plan and the M. Griffith, Inc. Employee Savings Plan. Further, in order to comply with legislative and regulatory requirements imposed subsequent to LA Bank, N.A. Profit Sharing/401(k) Plan's, Pioneer American Bank N.A. 401(k) Plan's and the M. Griffith, Inc. Employee Savings Plan's last restatement the effective date with regard to such merged plans shall be January 1, 1997. The Plan contains trust provisions which were formerly contained in a separate trust document. This Plan was established by the Employer in recognition of the contribution made to its successful operation by its employees and for the exclusive benefit of its eligible employees; and

WHEREAS, contributions to the Plan will be made by the Employer and such contributions made to the trust will be invested primarily in the capital stock of the Employer, and in other investments, where applicable, as directed by the Employee.

NOW, THEREFORE, effective January 1, 2001, except as otherwise provided, the Employer and the Trustee in accordance with the provisions of the Plan pertaining to amendments thereof, hereby amend the Plan in its entirety and restate the Plan to provide as follows:

ARTICLE I
DEFINITIONS

1.1 "Account" means the account maintained on the books of the Plan for each Participant and includes the Participating Elective Contribution Account, Participating Employer Non-Elective Contribution Account, and if applicable, Rollover Account

1.2 "Act" means the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.3 "Administrator" means the Employer unless another person or entity has been designated by the Employer pursuant to Section 2.2 to administer the Plan on behalf of the Employer.

1.4 "Affiliated Employer" means any corporation which is a member of a controlled group of corporations (as defined in Code Section 414(b)) which includes the Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code Section 414(c)) with the Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code Section 414(m)) which includes the Employer; and any other entity required to be aggregated with the Employer pursuant to Regulations under Code Section 414(o).

1.5 "Aggregate Account" means, with respect to each Participant, the value of all accounts maintained on behalf of a Participant, whether attributable to Participating Employer or Employee contributions, subject to the provisions of Section 12.2.

1.6 "Annuity Starting Date" means the first day of the first period for which an amount is received as an annuity.

1.7 "Anniversary Date" means December 31.

1.8 "Beneficiary" means the person to whom the share of a deceased Participant's total account is payable, subject to the restrictions of Sections 7.2 and Article 8.

1.9 "Board of Directors" means the Board of Directors of the Employer, as from time to time constituted, or any committee thereof which is authorized to act on behalf of the Board of Directors.

1.10 "Claimant" has the meaning set forth in Section 2.8.

1.11 "Code" means the Internal Revenue Code of 1986, as amended or replaced from time to time.

1.12 "Company Stock" means common stock issued by the Employer (or by a corporation which is a member of the controlled group of corporations of which the Employer is a member) which is readily tradeable on an established securities market. If there is no common stock which meets the foregoing requirement, the term "Company Stock" means common stock issued by the Employer (or by a corporation which is a member of the same controlled group) having a

combination of voting power and dividend rights equal to or in excess of: (A) that class of common stock of the Employer (or of any other such corporation) having the greatest voting power, and (B) that class of common stock of the Employer (or of any other such corporation) having the greatest dividend rights. Noncallable preferred stock shall be deemed to be "Company Stock" if such stock is convertible at any time into stock which constitutes "Company Stock" hereunder and if such conversion is at a conversion price which (as of the date of the acquisition by the Trust) is reasonable. For purposes of the preceding sentence, pursuant to Regulations, preferred stock shall be treated as noncallable if after the call there will be a reasonable opportunity for a conversion which meets the requirements of the preceding sentence.

1.13 "Company Stock Account" means the account of a Participant which is credited with the shares of Company Stock purchased and paid for by the Trust Fund or contributed to the Trust Fund.

A separate accounting shall be maintained with respect to that portion of the Company Stock Account attributable to Elective Contributions and Non-Elective Contributions.

1.14 "Compensation" with respect to any Participant means remuneration paid by the Participating Employer to a Participant in the form of base salary or wages, commissions, overtime, and cash bonuses, excluding distributions from non-qualified plans, income from the exercise of stock options, and severance payments. Compensation must be determined without regard to any rules under Code Section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401(a)(2)).

For purposes of this Section, the determination of Compensation shall be made by:

(a) including amounts which are contributed by the Employer pursuant to a salary reduction agreement and which are not includible in the gross income of the Participant under Code Sections 125, 123(f), 402(e)(3), 402(h)(1)(B), 403(b) or 457(b), and Employee contributions described in Code Section 414(h)(2) that are treated as Employer contributions.

For a Participant's initial year of participation, Compensation shall be recognized as of such Employee's effective date of participation pursuant to Section 3.2.

Compensation in excess of $170,000 shall be disregarded. Such amount shall be adjusted for increases in the cost of living in accordance with Code Section 401(a)(17), except that the dollar increase in effect on January 1 of any calendar year shall be effective for the Plan Year beginning with or within such calendar year. For any short Plan Year the Compensation limit shall be an amount equal to the Compensation limit for the calendar year in which the Plan Year begins multiplied by the ratio obtained by dividing the number of full months in the short Plan Year by twelve (12).

If, in connection with the adoption of this amendment and restatement, the definition of Compensation has been modified, then, for Plan Years prior to the

Plan Year which includes the adoption date of this amendment and restatement, Compensation means compensation determined pursuant to the Plan then in effect.

1.15 "Deferred Compensation" with respect to any Participant means the amount of the Participant's total Compensation which has been contributed to the Plan in accordance with the Participant's deferral election pursuant to Section 4.2 excluding any such amounts distributed as excess "annual additions" pursuant to Section 4.10(a).

1.16 "Early Retirement Date" means the first day of the month (prior to the Normal Retirement Date) coinciding with or following the date on which a Participant or Former Participant attains age 55, and has completed at least 5 Years of Service with the Participating Employer (Early Retirement Age). A Participant shall become fully Vested upon satisfying this requirement if still employed at his Early Retirement Age.

For Participants in the L.A. Bank, N.A., 401(k) Profit Sharing Plan on December 31, 2000, "Early Retirement Date" means the first day of the month coinciding with or following the date on which a Participant or Former Participant attains age 60.

A Former Participant who terminates employment after satisfying the service requirement for Early Retirement and who thereafter reaches the age requirement contained herein shall be entitled to receive his benefits under this Plan.

1.17 "Elective Contribution" means the Participating Employer contributions to the Plan of Deferred Compensation excluding any such amounts distributed as excess "annual additions" pursuant to Section 4.10(a). In addition, any Employer Qualified Non-Elective Contribution made pursuant to Section 4.6(b) which is used to satisfy the "Actual Deferral Percentage" tests shall be considered an Elective Contribution for purposes of the Plan. Any contributions deemed to be Elective Contributions (whether or not used to satisfy the "Actual Deferral Percentage" tests) shall be subject to the requirements of Sections 4.2(b) and 4.2(c) and shall further be required to satisfy the nondiscrimination requirements of Regulation 1.401(k)-1(b)(5), the provisions of which are specifically incorporated herein by reference.

1.18 "Eligible Distribution" has the meaning set forth in Section 8.12.

1.19 "Eligible Employee" means any Employee except as provided below.

Employees who are Leased Employees within the meaning of Code Sections 414(n)(2) and 414(o)(2) shall not be eligible to participate in this Plan.

Employees whose employment is governed by the terms of a collective bargaining agreement between Employee representatives (within the meaning of Code Section 7701(a)(46)) and the Participating Employer under which retirement benefits were the subject of good faith bargaining between the parties will not be eligible to participate in this Plan unless such agreement expressly provides for coverage in this Plan.

Employees who are nonresident aliens (within the meaning of Code Section 7701(b)(1)(B)) and who receive no earned income (within the meaning of Code

Section 911(d)(2)) from the Participating Employer which constitutes income from sources within the United States (within the meaning of Code Section 861(a)(3)) shall not be eligible to participate in this Plan.

Employees of Affiliated Employers shall not be eligible to participate in this Plan unless such Affiliated Employers have specifically adopted this Plan in accordance with Article XIV and are Participating Employers and then only to the extent provided in the Adoption Agreement applicable to such Affiliated Employer.

1.20 "Eligible Plan" has the meaning set forth in Section 10.12.

1.21 "Eligible Recipient" has the meaning set forth in Section 10.12.

1.22 "Employee" means any person who is employed by a Participating Employer or other Affiliated Employer, but excludes any person who is an independent contractor. Employee shall include Leased Employees within the meaning of Code Sections 414(n)(2) and 414(o)(2) unless such Leased Employees are covered by a plan described in Code Section 414(n)(5) and such Leased Employees do not constitute more than 20% of the recipient's non-highly compensated work force.

1.23 "Employer" means NBT Bancorp, Inc. and any successor which shall maintain this Plan. The Employer is a corporation with principal offices in the state of New York. For purposes of applying Code Sections 401, 410, 411, 415 and 416, all employees of the Participating Employers and all Affiliated Employers whether or not they have adopted the Plan, shall be treated as employed by a single employer

1.24 "Excess Aggregate Contributions" means, with respect to any Plan Year, the excess of the aggregate amount of the Participating Employer matching contributions made pursuant to Section 4.1(b) and any qualified non-elective contributions or elective deferrals taken into account pursuant to Section 4.7(c) on behalf of Highly Compensated Participants for such Plan Year, over the maximum amount of such contributions permitted under the limitations of Section 4.7(a).

1.25 "Excess Contributions" means, with respect to a Plan Year, the excess of Elective Contributions used to satisfy the "Actual Deferral Percentage" tests made on behalf of Highly Compensated Participants for the Plan Year over the maximum amount of such contributions permitted under Section 4.5(a). Excess Contributions shall be treated as an "annual addition" pursuant to Section 4.9(b).

1.26 "Excess Deferred Compensation" means, with respect to any taxable year of a Participant, the excess of the aggregate amount of such Participant's Deferred Compensation and the elective deferrals pursuant to Section 4.2(f) actually made on behalf of such Participant for such taxable year, over the dollar limitation provided for in Code Section 402(g), which is incorporated herein by reference. Excess Deferred Compensation shall be treated as an "annual addition" pursuant to Section 4.9(b) when contributed to the Plan unless distributed to the affected Participant not later than the first April 15th following the close of the Participant's taxable year. Additionally, for purposes of Sections 12.2 and 4.4(h), Excess Deferred Compensation shall continue to be treated as

Participating Employer contributions even if distributed pursuant to Section 4.2(f). However, Excess Deferred Compensation of Non-Highly Compensated Participants is not taken into account for purposes of Section 4.5(a) to the extent such Excess Deferred Compensation occurs pursuant to Section 4.2(d).

1.27 "ESOP" means an employee stock ownership plan that meets the requirements of Code Section 4975(e)(7) and Regulation 54.4975-11.

1.28 "Fiduciary" means any person who (a) exercises any discretionary authority or discretionary control respecting management of the Plan or exercises any authority or control respecting management or disposition of its assets, (b) renders investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of the Plan or has any authority or responsibility to do so, or (c) has any discretionary authority or discretionary responsibility in the administration of the Plan, including, but not limited to, the Trustee, the Participating Employer and its representative body, and the Administrator.

1.29 "Fiscal Year" means the Participating Employer's accounting year of 12 months commencing on January 1st of each year and ending the following December 31st.

1.30 "Forfeiture" means that portion of a Participant's Account that is not Vested, and occurs on the earlier of:

(a) the distribution of the entire Vested portion of a Terminated Participant's Account, or

(b) the last day of the Plan Year in which the Participant incurs five (5) consecutive 1-Year Breaks in Service.

Furthermore, for purposes of paragraph (a) above, in the case of a Terminated Participant whose Vested benefit is zero, such Terminated Participant shall be deemed to have received a distribution of his Vested benefit upon his termination of employment. Restoration of such amounts shall occur pursuant to Section 7.4(f)(2). In addition, the term Forfeiture shall also include amounts deemed to be Forfeitures pursuant to any other provision of this Plan.

1.31 "Former Participant" means a person who has been a Participant, but who has ceased to be a Participant for any reason.

1.32 "415 Compensation" with respect to any Participant means such Participant's wages as defined in Code Section 3401(a) and all other payments of compensation by the Participating Employer (in the course of the Participating Employer's trade or business) for a Plan Year for which the Participating Employer is required to furnish the Participant a written statement under Code Sections 6041(d), 6051(a)(3) and 6052. "415 Compensation" must be determined without regard to any rules under Code Section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401(a)(2)).

If, in connection with the adoption of this amendment and restatement, the definition of "415 Compensation" has been modified, then, for Plan Years prior to the Plan Year which includes the adoption date of this amendment and restatement, "415 Compensation" means compensation determined pursuant to the Plan then in effect.

Effective January 1, 1998, the determination of "415 Compensation" shall be made by including amounts which are contributed by the Participating Employer pursuant to a salary reduction agreement and which are not includible in the gross income of the Participant under Code Sections 125, 402(e)(3), 402(h)(1)(B), 403(b) or 457(b), and Employee contributions described in Code Section 414(h)(2) that are treated as Participating Employer contributions.

1.33 "414(s) Compensation" with respect to any Participant means such Participant's "415 Compensation" paid during a Plan Year. The amount of "414(s) Compensation" with respect to any Participant shall include "414(s) Compensation" for the entire twelve (12) month period ending on the last day of such Plan Year, except that "414(s) Compensation" shall only be recognized for that portion of the Plan Year during which an Employee was a Participant in the Plan.

For purposes of this Section, the determination of "414(s) Compensation" shall be made by including amounts which are contributed by the Participating Employer pursuant to a salary reduction agreement and which are not includible in the gross income of the Participant under Code Sections 125, 402(e)(3), 402(h)(1)(B), 403(b) or 457(b), and Employee contributions described in Code Section 414(h)(2) that are treated as Participating Employer contributions.

"414(s) Compensation" in excess of $150,000 shall be disregarded. Such amount shall be adjusted for increases in the cost of living in accordance with Code Section 401(a)(17), except that the dollar increase in effect on January 1 of any calendar year shall be effective for the Plan Year beginning with or within such calendar year. For any short Plan Year the "414(s) Compensation" limit shall be an amount equal to the "414(s) Compensation" limit for the calendar year in which the Plan Year begins multiplied by the ratio obtained by dividing the number of full months in the short Plan Year by twelve (12).

If, in connection with the adoption of this amendment and restatement, the definition of "414(s) Compensation" has been modified, then, for Plan Years prior to the Plan Year which includes the adoption date of this amendment and restatement, "414(s) Compensation" means compensation determined pursuant to the Plan then in effect.

1.34 "Highly Compensated Employee" means an Employee described in Code Section 414(q) and the Regulations thereunder, and generally means an Employee who performed services for the Participating Employer during the "determination year" and is in one or more of the following groups:

(a) Employees who at any time during the "determination year" or "look-back year" were "five percent owners" of the Participating Employer.

(b) Employees who received "415 Compensation" during the "look-back year" from the Participating Employer in excess of $80,000.

The "determination year" shall be the Plan Year for which testing is being performed, and the "look-back year" shall be the immediately preceding twelve-month period.

For purposes of this Section, the determination of "415 Compensation" shall be made by including amounts which are contributed by the Participating Employer pursuant to a salary reduction agreement and which are not includible in the gross income of the Participant under Code Sections 125, 402(e)(3), 402(h)(1)(B), 403(b) or 457(b), and Employee contributions described in Code Section 414(h)(2) that are treated as Participating Employer contributions. Additionally, the dollar threshold amount specified in (b) above shall be adjusted at such time and in the same manner as under Code Section 415(d), except that the base period shall be the calendar quarter ending September 30, 1996.

In determining who is a Highly Compensated Employee, all Affiliated Employers shall be taken into account as a single employer and Leased Employees within the meaning of Code Sections 414(n)(2) and 414(o)(2) shall be considered Employees unless such Leased Employees are covered by a plan described in Code Section 414(n)(5) and are not covered in any qualified plan maintained by the Employer. The exclusion of Leased Employees for this purpose shall be applied on a uniform and consistent basis for all of the Employer's retirement plans. Highly Compensated Former Employees shall be treated as Highly Compensated Employees without regard to whether they performed services during the "determination year."

1.35 "Highly Compensated Former Employee" means a former Employee who had a separation year prior to the "determination year" and was a Highly Compensated Employee in the year of separation from service or in any "determination year" after attaining age 55. Notwithstanding the foregoing, an Employee who separated from service prior to 1987 will be treated as a Highly Compensated Former Employee only if during the separation year (or year preceding the separation year) or any year after the Employee attains age 55 (or the last year ending before the Employee's 55th birthday), the Employee either received "415 Compensation" in excess of $50,000 or was a "five percent owner." For purposes of this Section, "determination year," "415 Compensation" and "five percent owner" shall be determined in accordance with Section 1.30. Highly Compensated Former Employees shall be treated as Highly Compensated Employees. The method set forth in this Section for determining who is a "Highly Compensated Former Employee" shall be applied on a uniform and consistent basis for all purposes for which the Code Section 414(q) definition is applicable.

1.36 "Highly Compensated Participant" means any Highly Compensated Employee who is eligible to participate in the Plan.

1.37 "Hour of Service" means (1) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Participating Employer for the performance of duties (these hours will be credited to the Employee for the computation period in which the duties are performed); (2) each hour for

which an Employee is directly or indirectly compensated or entitled to compensation by the Participating Employer (irrespective of whether the employment relationship has terminated) for reasons other than performance of duties (such as vacation, holidays, sickness, jury duty, disability, lay-off, military duty or leave of absence) during the applicable computation period (these hours will be calculated and credited pursuant to Department of Labor regulation 2530.200b-2 which is incorporated herein by reference); (3) each hour for which back pay is awarded or agreed to by the Participating Employer without regard to mitigation of damages (these hours will be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made). The same Hours of Service shall not be credited both under (1) or (2), as the case may be, and under (3).

Notwithstanding the above, (i) no more than 501 Hours of Service are required to be credited to an Employee on account of any single continuous period during which the Employee performs no duties (whether or not such period occurs in a single computation period); (ii) an hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed is not required to be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, or unemployment compensation or disability insurance laws; and (iii) Hours of Service are not required to be credited for a payment which solely reimburses an Employee for medical or medically related expenses incurred by the Employee.

For purposes of this Section, a payment shall be deemed to be made by or due from the Participating Employer regardless of whether such payment is made by or due from the Participating Employer directly, or indirectly through, among others, a trust fund, or insurer, to which the Participating Employer contributes or pays premiums and regardless of whether contributions made or due to the trust fund, insurer, or other entity are for the benefit of particular Employees or are on behalf of a group of Employees in the aggregate.

For purposes of this Section, Hours of Service will be credited for employment with other Affiliated Employers. The provisions of Department of Labor regulations 2530.200b-2(b) and (c) are incorporated herein by reference.

1.38 "Income" means the income or losses allocable to Excess Deferred Compensation, Excess Contributions or Excess Aggregate Contributions which amount shall be allocated in the same manner as income or losses are allocated pursuant to Section 4.4(d).

1.39 "Investment Manager" means an entity that (a) has the power to manage, acquire, or dispose of Plan assets and (b) acknowledges fiduciary responsibility to the Plan in writing. Such entity must be a person, firm, or corporation registered as an investment adviser under the Investment Advisers Act of 1940, a bank, or an insurance company.

1.40 "Key Employee" means an Employee as defined in Code Section 416(i) and the Regulations thereunder. Generally, any Employee or former Employee (as well as each of his Beneficiaries) is considered a Key Employee if he, at any time during the Plan Year that contains the "Determination Date" or any of the preceding four (4) Plan Years, has been included in one of the following categories:

(a) an officer of the Participating Employer (as that term is defined within the meaning of the Regulations under Code Section 416) having annual "415 Compensation" greater than 50 percent of the amount in effect under Code Section 415(b)(1)(A) for any such Plan Year.

(b) one of the ten employees having annual "415 Compensation" from the Participating Employer for a Plan Year greater than the dollar limitation in effect under Code Section 415(c)(1)(A) for the calendar year in which such Plan Year ends and owning (or considered as owning within the meaning of Code Section 318) both more than one-half percent interest and the largest interests in the Participating Employer.

(c) a "five percent owner" of the Participating Employer. "Five percent owner" means any person who owns (or is considered as owning within the meaning of Code Section 318) more than five percent (5%) of the outstanding stock of the Participating Employer or stock possessing more than five percent (5%) of the total combined voting power of all stock of the Participating Employer or, in the case of an unincorporated business, any person who owns more than five percent (5%) of the capital or profits interest in the Participating Employer. In determining percentage ownership hereunder, employers that would otherwise be aggregated under Code Sections 414(b), (c), (m) and (o) shall be treated as separate employers.

(d) a "one percent owner" of the Participating Employer having an annual "415 Compensation" from the Participating Employer of more than $150,000. "One percent owner" means any person who owns (or is considered as owning within the meaning of Code Section 318) more than one percent (1%) of the outstanding stock of the Participating Employer or stock possessing more than one percent (1%) of the total combined voting power of all stock of the Participating Employer or, in the case of an unincorporated business, any person who owns more than one percent (1%) of the capital or profits interest in the Participating Employer. In determining percentage ownership hereunder, employers that would otherwise be aggregated under Code Sections 414(b), (c), (m) and (o) shall be treated as separate employers. However, in determining whether an individual has "415 Compensation" of more than $150,000, "415 Compensation" from each employer required to be aggregated under Code Sections 414(b), (c), (m) and (o) shall be taken into account.

For purposes of this Section, the determination of "415 Compensation" shall be made by including amounts which are contributed by the Participating Employer pursuant to a salary reduction agreement and which are not includible in the gross income of the Participant under Code Sections 125, 402(e)(3),

402(h)(1)(B), 403(b) or 457(b), and Employee contributions described in Code Section 414(h)(2) that are treated as Participating Employer contributions.

1.41 "Late Retirement Date" means the first day of the month coinciding with or next following a Participant's actual Retirement Date after having reached his Normal Retirement Date.

1.42 "Leased Employee" means any person (other than an Employee of the recipient) who pursuant to an agreement between the recipient and any other person ("leasing organization") has performed services for the recipient (or for the recipient and related persons determined in accordance with Code Section 414(n)(6)) on a substantially full time basis for a period of at least one year, and such services are of a type historically performed by employees in the business field of the recipient employer. Contributions or benefits provided a Leased Employee by the leasing organization which are attributable to services performed for the recipient employer shall be treated as provided by the recipient employer. A Leased Employee shall not be considered an Employee of the recipient:

(a) if such employee is covered by a money purchase pension plan providing:

(1) a non-integrated employer contribution rate of at least 10% of compensation, as defined in Code Section 415(c)(3), but including amounts which are contributed by the Participating Employer pursuant to a salary reduction agreement and which are not includible in the gross income of the Participant under Code Sections 125, 402(e)(3), 402(h)(1)(B), 403(b) or 457(b), and Employee contributions described in Code Section 414(h)(2) that are treated as Participating Employer contributions.

(2) immediate participation; and

(3) full and immediate vesting; and

(b) if Leased Employees do not constitute more than 20% of the recipient's non-highly compensated work force.

1.43 "Non-Elective Contribution" means the Participating Employer contributions to the Plan excluding, however, contributions made pursuant to the Participant's deferral election provided for in Section 4.2 and any Qualified Non-Elective Contribution used in the "Actual Deferral Percentage" tests.

1.44 "Non-Highly Compensated Participant" means any Participant who is not a Highly Compensated Employee.

1.45 "Non-Key Employee" means any Employee or former Employee (and his Beneficiaries) who is not a Key Employee.

1.46 "Normal Retirement Age" means the Participant's 65th birthday. A Participant shall become fully Vested in his Participant's Account upon attaining his Normal Retirement Age.

1.47 "Normal Retirement Date" means the first day of the month coinciding with or next following the Participant's Normal Retirement Age.

1.48 "1-Year Break in Service" means the applicable computation period during which an Employee has not completed more than 500 Hours of Service with the Participating Employer. Further, solely for the purpose of determining whether a Participant has incurred a 1-Year Break in Service, Hours of Service shall be recognized for "authorized leaves of absence" and "maternity and paternity leaves of absence." Years of Service and 1-Year Breaks in Service shall be measured on the same computation period.

"Authorized leave of absence" means an unpaid, temporary cessation from active employment with the Participating Employer pursuant to an established nondiscriminatory policy, whether occasioned by illness, military service, or any other reason.

A "maternity or paternity leave of absence" means, for Plan Years beginning after December 31, 1984, an absence from work for any period by reason of the Employee's pregnancy, birth of the Employee's child, placement of a child with the Employee in connection with the adoption of such child, or any absence for the purpose of caring for such child for a period immediately following such birth or placement. For this purpose, Hours of Service shall be credited for the computation period in which the absence from work begins, only if credit therefore is necessary to prevent the Employee from incurring a 1-Year Break in Service, or, in any other case, in the immediately following computation period. The Hours of Service credited for a "maternity or paternity leave of absence" shall be those which would normally have been credited but for such absence, or, in any case in which the Administrator is unable to determine such hours normally credited, eight (8) Hours of Service per day. The total Hours of Service required to be credited for a "maternity or paternity leave of absence" shall not exceed 501.

1.49 "Other Investments Account" means the account of a Participant which is credited with his share of the net gain (or loss) of the Plan, Forfeitures and Participating Employer contributions in other than Company Stock and which is debited with payments made to pay for Company Stock.

A separate accounting shall be maintained with respect to that portion of the Other Investments Account attributable to Elective Contributions and Non-Elective Contributions.

1.50 "Participant" means any Eligible Employee who participates in the Plan and has not for any reason become ineligible to participate further in the Plan.

1.51 "Participant Direction Procedures" means such instructions, guidelines or policies, the terms of which are incorporated herein, as shall be established

pursuant to Section 4.12 and observed by the Administrator and applied to Participants who have Participant Directed Accounts.

1.52 "Participant's Account" means the account established and maintained by the Administrator for each Participant with respect to his total interest in the Plan and Trust resulting from the Participating Employer Non-Elective Contributions.

A separate accounting shall be maintained with respect to that portion of the Participant's Account attributable to Participating Employer matching contributions made pursuant to Section 4.1(b), Participating Employer discretionary contributions made pursuant to Section 4.1(c) and any Participating Employer Qualified Non-Elective Contributions.

1.53 "Participant's Combined Account" means the total aggregate amount of each Participant's Elective Account and Participant's Account.

1.54 "Participant's Directed Account" means that portion of a Participant's interest in the Plan with respect to which the Participant has directed the investment in accordance with the Participant Direction Procedure.

1.55 "Participant's Elective Account" means the account established and maintained by the Administrator for each Participant with respect to his total interest in the Plan and Trust resulting from the Participating Employer Elective Contributions used to satisfy the "Actual Deferral Percentage" tests. A separate accounting shall be maintained with respect to that portion of the Participant's Elective Account attributable to such Elective Contributions pursuant to Section 4.2 and any Participating Employer Qualified Non-Elective Contributions.

1.56 Participating Employer" means NBT Bancorp Inc., NBT Bank, N.A. and any Affiliated Employer that adopts the Plan and Inst in accordance with the provisions of Article XIV.

1.57 "Plan" means this instrument, including any and all supplements and amendments hereto which may be in effect.

1.58 "Plan Year" means the Plan's accounting year of twelve (12) months commencing on January 1st of each year and ending the following December 31st.

1.59 "Qualified Military Service" means service entitling an individual to reemployment rights under the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended from time to time, provided the individual is reemployed within the period prescribed by the act.

1.60 "Qualified Non-Elective Contribution" means any Participating Employer contributions made pursuant to Section 4.6(b) and Section 4.8(h). Such contributions shall be considered an Elective Contribution for the purposes of the Plan and used to satisfy the "Actual Deferral Percentage" tests or the "Actual Contribution Percentage" tests.

1.61 "Regulation" means the Income Tax Regulations as promulgated by the Secretary of the Treasury or his delegate, and as amended from time to time.

1.62 "Retired Participant" means a person who has been a Participant, but who has become entitled to retirement benefits under the Plan.

1.63 "Retirement Date" means the date as of which a Participant retires for reasons other than Total and Permanent Disability, whether such retirement occurs on a Participant's Normal Retirement Date, Early or Late Retirement Date.

1.64 "Super Top Heavy Plan" means a plan described in Section 12.2(b).

1.65 "Terminated Participant" means a person who has been a Participant, but whose employment has been terminated other than by death, Total and Permanent Disability or retirement.

1.66 "Top Heavy Plan" means a plan described in Section 12.2(a).

1.67 "Top Heavy Plan Year" means a Plan Year during which the Plan is a Top Heavy Plan.

1.68 "Top Paid Group" means the top 20 percent of Employees who performed services for the Participating Employer during the applicable year, ranked according to the amount of "415 Compensation" (determined for this purpose in accordance with Section 1.30) received from the Participating Employer during such year. All Affiliated Employers shall be taken into account as a single employer, and Leased Employees within the meaning of Code Sections 414(n)(2) and 414(o)(2) shall be considered Employees unless such Leased Employees are covered by a plan described in Code Section 414(n)(5) and are not covered in any qualified plan maintained by the Participating Employer. Employees who are non-resident aliens and who received no earned income (within the meaning of Code Section 911(d)(2)) from the Participating Employer constituting United States source income within the meaning of Code Section 861(a)(3) shall not be treated as Employees. Additionally, for the purpose of determining the number of active Employees in any year, the following additional Employees shall also be excluded; however, such Employees shall still be considered for the purpose of identifying the particular Employees in the Top Paid Group:

(a) Employees with less than six (6) months of service;

(b) Employees who normally work less than 17 1/2 hours per week;

(c) Employees who normally work less than six (6) months during a year; and

(d) Employees who have not yet attained age 21.

In addition, if 90 percent or more of the Employees of the Participating Employer are covered under agreements the Secretary of Labor finds to be collective bargaining agreements between Employee representatives and the Participating Employer, and the Plan covers only Employees who are not covered

under such agreements, then Employees covered by such agreements shall be excluded from both the total number of active Employees as well as from the identification of particular Employees in the Top Paid Group.

The foregoing exclusions set forth in this Section shall be applied on a uniform and consistent basis for all purposes for which the Code Section 414(q) definition is applicable.

1.69 "Total and Permanent Disability" means a physical or mental condition of a Participant resulting from bodily injury, disease, or mental disorder which renders him incapable of continuing his usual and customary employment with the Participating Employer. The disability of a Participant shall be determined a) by a licensed physician chosen by the Administrator or, b) by a Participant becoming entitled to receive long term disability benefits under a long term disability program sponsored by the Participating Employer. The determination shall be applied uniformly to all Participants.

1.70 "Trustee" means the person or entity named as trustee herein or in any separate trust forming a part of this Plan, and any successors.

1.71 "Trust Fund" means the assets of the Plan and Trust as the same shall exist from time to time.

1.72 "Valuation Date" means the last day of March, June, September, and December in each year, and such other date or dates deemed necessary by the Administrator. The Valuation Date may include any day during the Plan Year that the Trustee, any transfer agent appointed by the Trustee or the Participating Employer and any stock exchange used by such agent are open for business.

1.73 "Vested" means the nonforfeitable portion of any account maintained on behalf of a Participant.

1.74 "Year of Service" means the computation period of twelve (12) consecutive months, herein set forth, during which an Employee has at least 1000 Hours of Service.

For purposes of eligibility for participation, the initial computation period shall begin with the date on which the Employee first performs an Hour of Service. The participation computation period beginning after a 1-Year Break in Service shall be measured from the date on which an Employee again performs an Hour of Service. The participation computation period shall shift to the Plan Year which includes the anniversary of the date on which the Employee first performed an Hour of Service. An Employee who is credited with the required Hours of Service in both the initial computation period (or the computation period beginning after a 1-Year Break in Service) and the Plan Year which includes the anniversary of the date on which the Employee first performed an Hour of Service, shall be credited with two (2) Years of Service for purposes of eligibility to participate.

For vesting purposes, the computation periods shall be the Plan Year, including periods prior to the Effective Date of the Plan.

The computation period shall be the Plan Year if not otherwise set forth herein.

Notwithstanding the foregoing, for any short Plan Year, the determination of whether an Employee has completed a Year of Service shall be made in accordance with Department of Labor regulation 2530.203-2(c). However, in determining whether an Employee has completed a Year of Service for benefit accrual purposes in the short Plan Year, the 1000 hours requirement shall be prorated based on the number of full months in the short Plan Year.

Years of Service with any employer who was acquired by the Participating Employer shall be recognized for purposes of determining eligibility and vesting.

Years of Service with any Affiliated Employer shall be recognized.

ARTICLE II
ADMINISTRATION

2.1 POWERS AND RESPONSIBILITIES OF THE EMPLOYER

(a) In addition to the general powers and responsibilities otherwise provided for in this Plan, the Employer shall be empowered to appoint and remove the Trustee and the Administrator from time to time as it deems necessary for the proper administration of the Plan to ensure that the Plan is being operated for the exclusive benefit of the Participants and their Beneficiaries in accordance with the terms of the Plan, the Code, and the Act. The Employer may appoint counsel, specialists, advisers, agents (including any nonfiduciary agent) and other persons as the Employer deems necessary or desirable in connection with the exercise of its fiduciary duties under this Plan. The Employer may compensate such agents or advisers from the assets of the Plan as fiduciary expenses (but not including any business (settlor) expenses of the Employer), to the extent not paid by the Employer.

(b) The Employer may, by written agreement or designation, appoint at its option an Investment Manager (qualified under the Investment Company Act of 1940 as amended), investment adviser, or other agent to provide direction to the Trustee with respect to any or all of the Plan assets. Such appointment shall be given by the Employer in writing in a form acceptable to the Trustee and shall specifically identify the Plan assets with respect to which the Investment Manager or other agent shall have authority to direct the investment.

(c) The Employer shall establish a "funding policy and method," i.e., it shall determine whether the Plan has a short run need for liquidity (e.g., to pay benefits) or whether liquidity is a long run goal and investment growth (and stability of same) is a more current need, or shall appoint a qualified person to do so. The Employer or its delegate shall communicate such needs and goals to the Trustee, who shall coordinate such Plan needs with its investment policy. The communication of such a "funding policy and method" shall not, however, constitute a directive to the Trustee as to investment of the Trust Funds. Such "funding policy and method" shall be consistent with the objectives of this Plan and with the requirements of Title I of the Act.

(d) The Employer shall periodically review the performance of any Fiduciary or other person to whom duties have been delegated or allocated by it under the provisions of this Plan or pursuant to procedures established hereunder. This requirement may be satisfied by formal periodic review by the Employer or by a qualified person specifically designated by the Employer, through day-to-day conduct and evaluation, or through other appropriate ways.

(e) The Employer will furnish Plan Fiduciaries and Participants with notices and information statements when voting rights must be exercised pursuant to Section 8.5.

2.2 DESIGNATION OF ADMINISTRATIVE AUTHORITY

The Employer shall be the Administrator. The Employer may appoint any person, including, but not limited to, the Employees of the Employer, to perform the duties of the Administrator. Any person so appointed shall signify his acceptance by filing written acceptance with the Employer. Upon the resignation or removal of any individual performing the duties of the Administrator, the Employer may designate a successor.

2.3 ALLOCATION AND DELEGATION OF RESPONSIBILITIES

If more than one person is appointed as Administrator, the responsibilities of each Administrator may be specified by the Employer and accepted in writing by each Administrator. In the event that no such delegation is made by the Employer, the Administrators may allocate the responsibilities among themselves, in which event the Administrators shall notify the Employer and the Trustee in writing of such action and specify the responsibilities of each Administrator. The Trustee thereafter shall accept and rely upon any documents executed by the appropriate Administrator until such time as the Employer or the Administrators file with the Trustee a written revocation of such designation.

2.4 POWERS AND DUTIES OF THE ADMINISTRATOR

The primary responsibility of the Administrator is to administer the Plan for the exclusive benefit of the Participants and their Beneficiaries, subject to the specific terms of the Plan. The Administrator shall administer the Plan in accordance with its terms and shall have the power and discretion to construe the terms of the Plan and to determine all questions arising in connection with the administration, interpretation, and application of the Plan. Any such determination by the Administrator shall be conclusive and binding upon all persons. The Administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan; provided, however, that any procedure, discretionary act, interpretation or construction shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall be consistent with the intent that the Plan shall continue to be deemed a qualified plan under the terms of Code Section 401(a), and shall comply with the terms of the Act and all regulations issued pursuant thereto. The Administrator shall have all powers necessary or appropriate to accomplish his duties under this Plan.

The Administrator shall be charged with the duties of the general administration of the Plan, including, but not limited to, the following:

(a) the discretion to determine all questions relating to the eligibility of Employees to participate or remain a Participant hereunder and to receive benefits under the Plan;

(b) to compute, certify, and direct the Trustee with respect to the amount and the kind of benefits to which any Participant shall be entitled hereunder;

(c) to authorize and direct the Trustee with respect to all nondiscretionary or otherwise directed disbursements from the Trust;

(d) to maintain all necessary records for the administration of the Plan;

(e) to interpret the provisions of the Plan and to make and publish such rules for regulation of the Plan as are consistent with the terms hereof;

(f) to compute and certify to the Employer and to the Trustee from time to time the sums of money necessary or desirable to be contributed to the Plan;

(g) to consult with the Employer and the Trustee regarding the short and long-term liquidity needs of the Plan in order that the Trustee can exercise any investment discretion in a manner designed to accomplish specific objectives;

(h) to prepare and implement a procedure to notify Eligible Employees that they may elect to have a portion of their Compensation deferred or paid to them in cash;

(i) to establish and communicate to Participants a procedure, which includes at least three (3) investment options pursuant to Regulations, for allowing each Participant to direct the Trustee as to the investment of his Company Stock Account pursuant to Section 4.12;

(j) to establish and communicate to Participants a procedure and method to insure that each Participant will vote Company Stock allocated to such Participant's Company Stock Account pursuant to Section 8.5;

(k) to assist any Participant regarding his rights, benefits, or elections available under the Plan.

2.5 RECORDS AND REPORTS

The Administrator shall keep a record of all actions taken and shall keep all other books of account, records, policies, and other data that may be necessary for proper administration of the Plan and shall be responsible for supplying all information and reports to the Internal Revenue Service, Department of Labor, Participants, Beneficiaries and others as required by law.

2.6 APPOINTMENT OF ADVISERS

The Administrator, or the Trustee with the consent of the Administrator, may appoint counsel, specialists, advisers, agents (including nonfiduciary agents) and other persons as the Administrator or the Trustee deems necessary or desirable in connection with the administration of this Plan, including but not limited to agents and advisers to assist with the administration and management of the Plan, and thereby to provide, among such other duties as the Administrator may appoint, assistance with maintaining Plan records and the providing of investment information to the Plan's investment fiduciaries and to Plan Participants.

2.7 PAYMENT OF EXPENSES

All expenses of administration may be paid out of the Trust Fund unless paid by the Participating Employer. Such expenses shall include any expenses incident to the functioning of the Administrator, or any person or persons retained or appointed by any Named Fiduciary incident to the exercise of their duties under the Plan, including, but not limited to, fees of accountants, counsel, Investment Managers, agents (including nonfiduciary agents) appointed for the purpose of assisting the Administrator or the Trustee in carrying out the instructions of Participants as to the directed investment of their accounts and other specialists and their agents, and other costs of administering the Plan. Until paid, the expenses shall constitute a liability of the Trust Fund.

2.8 CLAIMS PROCEDURE

(a) If a Participant, Former Participant or Beneficiary (a "Claimant") asserts a right to any benefit under the Plan which he has not received, he must file a written claim for such benefit with the Administrator. If the Administrator wholly or partially denies such claim, it shall provide within ninety days of the receipt of the claim written notice of the denial to the Claimant setting forth:

(1) Specific reasons for the denial of the claim;

(2) Specific reference to pertinent provisions of the Plan on which the denial is based;

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

(4) An explanation of the Plan's claims review procedure.

(b) A Claimant whose application for benefits is denied or who has received neither an affirmative reply nor a notice of denial within ninety days after filing his claim may request a full and fair review of the decision denying the claim. The request must be made in writing to the Administrator within sixty days after receipt of the notice of

the denial (or, if no notice of denial is issued, within sixty days after the expiration of ninety days from the filing of the claim). In connection with the review, the Claimant may:

(1) Request a hearing by the Administrator upon written application to the Administrator;

(2) Review pertinent documents in the possession of the Administrator; or

(3) Submit issues and comments in writing to the Administrator for review.

(c) A decision on review by the Administrator shall be made promptly and not later than sixty days after the receipt by the Administrator of a request for review, unless special circumstances (such as the need to hold a hearing) require an extension of time for processing, in which case the Claimant will be so notified of the extension, and a decision shall be rendered as soon as possible, and not later than 120 days after the receipt of the request for review. The decision shall be in writing and shall include specific reasons for the decision written in a manner calculated to be understood by the Claimant, and specific reference to the pertinent provisions of the Plan on which the decision is based. The Administrator shall have discretionary authority to interpret and apply the provisions with respect to, and make any factual determination in connection with, any benefit claim, and the decision of the Administrator shall be final and binding upon all parties.

ARTICLE III
ELIGIBILITY

3.1 INITIAL ELIGIBILITY TO BECOME A PARTICIPANT

(a) Each person who was a Participant in the Plan on December 31, 2000, shall continue to be eligible to participate in the Plan as of January 1, 2001.

Each other Eligible Employee shall become a Participant in the Plan on the first day of the month coinciding with or next following his attainment of age 21 and completion of one Year of Service.

However, an Eligible Employee who is scheduled to work 1,000 or more hours in a computation period shall be eligible to make Elective Contributions pursuant to Section 4.2 on the first day of the month coincident with or next following his date of hire.

In addition, an Eligible Employee who is scheduled to work 1,000 or more hours in a computation period shall be eligible to make Rollover Contributions pursuant to Section 4.11 on the first day of the month coincident with or next following his date of hire.

(b) Notwithstanding any provision of this Plan to the contrary an ineligible employee or Leased Employee who subsequently becomes an Eligible Employee, shall become eligible to participate in the Plan as of the later of the date he becomes as Eligible Employee or the date he fulfills the age and service requirements set forth in this Section 3.1.

3.2 DETERMINATION OF ELIGIBILITY

The Administrator shall determine the eligibility of each Employee for participation in the Plan based upon information furnished by the Participating Employer. Such determination shall be conclusive and binding upon all persons, as long as the same is made pursuant to the Plan and the Act. The Administrator shall have full discretionary authority to interpret and apply the eligibility provisions of the Plan and to make any factual determination necessary in connection therewith. Such determination shall be subject to review per Section 2.8.

3.3 TERMINATION OF ELIGIBILITY

(a) In the event a Participant shall go from a classification of an Eligible Employee to an ineligible Employee, such Former Participant shall continue to vest in his interest in the Plan for each Year of Service completed while a noneligible Employee, until such time as his Participant's Account shall be forfeited or distributed pursuant to the terms of the Plan. Additionally, his interest in the Plan shall continue to share in the earnings of the Trust Fund.

(b) In the event a Participant is no longer a member of an eligible class of Employees and becomes ineligible to participate but has not incurred a 1-Year Break in Service, such Employee will participate immediately upon returning to an eligible class of Employees. If such Participant incurs a 1-Year Break in Service, eligibility will be determined under the break in service rules of the Plan.

3.4 ERROEOUS OMISSION OF ELIGIBLE EMPLOYEE

If, in any Plan Year, any Employee who should be included as a Participant in the Plan is erroneously omitted and discovery of such omission is not made until after a contribution by his Participating Employer for the year has been made, the Participating Employer shall make a subsequent contribution with respect to the omitted Employee in the amount which the said Participating Employer would have contributed with respect to him had he not been omitted. Such contribution shall be made regardless of whether or not it is deductible in whole or in part in any taxable year under applicable provisions of the Code.

3.5 ERRONEOUS INCLUSION OF INELIGIBLE EMPLOYEE

If, in any Plan Year, any person who should not have been included as a Participant in the Plan is erroneously included and discovery of such incorrect inclusion is not made until after a contribution for the year has been made, the Participating Employer shall not be entitled to recover the contribution made with respect to the ineligible person regardless of whether or not a deduction is allowable with respect to such contribution. In such event, the amount contributed with respect to the ineligible person shall constitute a Forfeiture (except for Deferred Compensation which shall be distributed to the ineligible person) for the Plan Year in which the discovery is made.

3.6 ELECTION NOT TO PARTICIPATE

An Employee may, subject to the approval of the Participating Employer, elect voluntarily not to participate in the Plan. The election not to participate must be communicated to the Participating Employer, in writing, at least thirty (30) days before the beginning of a Plan Year.

3.7 COMPLIANCE WITH USERRA

Notwithstanding any provision of this Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code. This provision shall be effective as of the effective date of the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended from time to time, with respect to the Plan.

ARTICLE IV
CONTRIBUTION AND ALLOCATION

4.1 FORMULA FOR DETERMINING EMPLOYER CONTRIBUTION

For each Plan Year, the Participating Employer shall contribute to the Plan:

(a) The amount of the total salary reduction elections of all Participants made pursuant to Section 4.2(a), which amount shall be deemed a Participating Employer Elective Contribution.

(b) On behalf of each Participant who is eligible to share in matching contributions for the Plan Year, a matching contribution equal to 100 percent of each such Participant's Deferred Compensation, which amount shall be deemed an Participating Employer Non-Elective Contribution. Matching contributions shall be made in Company Stock or, if made in cash, shall be converted to Company Stock, and shall be subject to the diversification requirements of Section 4.12.

Except, however, in applying the matching percentage specified above, only salary reductions up to 3 percent of eligible Compensation shall be considered. For an Employee's initial year of participation, Compensation shall be counted from his date of participation in the Plan.

Not withstanding paragraph one above, the Participating Employer may make an additional Non-Elective matching contribution which amount, if any shall be deemed an Participating Employer Non-Elective Contribution on behalf of Participants who are employed on the last day of the Plan Year and who completed a Year of Service during the Plan Year.

(c) A discretionary amount, which amount, if any, shall be deemed a Participating Employer Non-Elective Contribution. Only participants who have completed a Year of Service during the Plan Year and are actively employed on the last day of the Plan Year shall be eligible to share in this discretionary contribution.

(d) Additionally, to the extent necessary, the Participating Employer shall contribute to the Plan the amount necessary to provide the top heavy minimum contribution. All contributions by the Participating Employer shall be made in cash or in such property as is acceptable to the Trustee.

4.2 PARTICIPANT'S SALARY REDUCTION ELECTION

(a) Each Participant may elect to defer from one percent to twenty percent of his Compensation which would have been received in the Plan Year, but for the deferral election. A deferral election (or modification of an earlier election) may not be made with respect to Compensation which is currently available on or before the date the Participant executed such election. For purposes of this Section, Compensation shall be determined prior to any reductions made pursuant to Code Sections 125, 402(e)(3), 402(h)(1)(B), 403(b) or 457(b), and Employee contributions described in Code Section 414(h)(2) that are treated as Participating Employer contributions.

The amount by which Compensation is reduced shall be that Participant's Deferred Compensation and be treated as an Participating Employer Elective Contribution and allocated to that Participant's Elective Account.

(b) The balance in each Participant's Elective Account shall be fully Vested at all times and shall not be subject to Forfeiture for any reason.

(c) Notwithstanding anything in the Plan to the contrary, amounts held in the Participant's Elective Account may not be distributable (including any offset of loans) earlier than:

(1) A Participant's separation from service, Total and Permanent Disability, or death;

(2) A Participant's attainment of age 59 1/2;

(3) The termination of the Plan without the establishment or existence of a "successor plan," as that term is described in Regulation 1.401(k)-1(d)(3);

(4) The date of disposition by the Participating Employer to an entity that is not an Affiliated Employer of substantially all of the assets (within the meaning of Code Section 409(d)(2)) used in a trade or business of such corporation if such corporation continues to maintain this Plan after the disposition with respect to a Participant who continues employment with the corporation acquiring such assets;

(5) The date of disposition by the Participating Employer or an Affiliated Employer who maintains the Plan of its interest in a subsidiary (within the meaning of Code Section 409(d)(3)) to an entity which is not an Affiliated Employer but only with respect to a Participant who continues employment with such subsidiary; or

(6) The proven financial hardship of a Participant, subject to the limitations of Section 9.1.

(d) For each Plan Year, a Participant's Deferred Compensation made under this Plan and all other plans, contracts or arrangements of the Participating Employer maintaining this Plan shall not exceed, during any taxable year of the Participant, the limitation imposed by Code Section 402(g), as in effect at the beginning of such taxable year. If such dollar limitation is exceeded, a Participant will be deemed to have notified the Administrator of such excess amount which shall be distributed in a manner consistent with Section 4.2(f). The dollar limitation shall be adjusted annually pursuant to the method provided in Code Section 415(d) in accordance with Regulations.

(e) In the event a Participant has received a hardship distribution from his Participant's Elective Account pursuant to Section 9.1(b) or pursuant to Regulation 1.401(k)-1(d)(2)(iv)(B) from any other plan maintained by the Participating Employer, then such Participant shall not be permitted to elect to have Deferred Compensation contributed to the Plan on his behalf for a period of twelve months following the receipt of the distribution. Furthermore, the dollar limitation under Code Section 402(g) shall be reduced, with respect to the Participant's taxable year following the taxable year in which the hardship distribution was made, by the amount of such Participant's Deferred Compensation, if any, pursuant to this Plan (and any other plan maintained by the Participating Employer) for the taxable year of the hardship distribution.

(f) If a Participant's Deferred Compensation under this Plan together with any elective deferrals (as defined in Regulation 1.402(g)-1(b)) under another qualified cash or deferred arrangement (as defined in Code Section 401(k)), a simplified employee pension (as defined in Code Section 408(k)), a salary reduction arrangement (within the meaning of Code Section 3121(a)(5)(D)), a deferred compensation plan under Code Section 457(b), or a trust described in Code Section 501(c)(18) cumulatively exceed the limitation imposed by Code Section 402(g) (as adjusted annually in accordance with the method provided in Code Section 415(d) pursuant to Regulations) for such Participant's taxable year, the Participant may, not later than March 1 following the close of the Participant's taxable year, notify the Administrator in writing of such excess and request that his Deferred Compensation under this Plan be reduced by an amount specified by the Participant. In such event, the Administrator may direct the Trustee to distribute such excess amount (and any Income allocable to such excess amount) to the Participant not later than the first April 15th following the close of the Participant's taxable year. Any distribution of less than the entire amount of Excess Deferred Compensation and Income shall be treated as a pro rata distribution of Excess Deferred Compensation and Income. The amount distributed shall not exceed the Participant's Deferred Compensation under the Plan for the taxable year (and any Income allocable to such excess amount). Any distribution on or before the last day of the Participant's taxable year must satisfy each of the following conditions:

(1) The distribution must be made after the date on which the Plan received the Excess Deferred Compensation;

(2) The Participant shall designate the distribution as Excess Deferred Compensation; and

(3) The Plan must designate the distribution as a distribution of Excess Deferred Compensation.

Any distribution made pursuant to this Section 4.2(f) shall be made first from unmatched Deferred Compensation and, thereafter, from Deferred Compensation which is matched. Matching contributions which relate to such Deferred Compensation shall be forfeited.

(g) Notwithstanding Section 4.2(f) above, a Participant's Excess Deferred Compensation shall be reduced, but not below zero, by any distribution of Excess Contributions pursuant to Section 4.6(a) for the Plan Year beginning with or within the taxable year of the Participant.

(h) Participating Employer Elective Contributions made pursuant to this Section may be segregated into a separate account for each Participant in a federally insured savings account, certificate of deposit in a bank or savings and loan association, money market certificate, or other short-term debt security acceptable to the Trustee until such time as the allocations pursuant to Section 4.4 have been made.

(i) The Participating Employer and the Administrator shall implement the salary reduction elections provided for herein in accordance with the following:

(1) A Participant must make his initial salary deferral election within a reasonable time, not to exceed thirty days, after entering the Plan pursuant to Section 3.2. If the Participant fails to make an initial salary deferral election within such time, then such Participant may thereafter make an election in accordance with the rules governing modifications. The Participant shall make such an election by entering into a written salary reduction agreement with the Participating Employer and filing such agreement with the Administrator. Such election shall initially be effective beginning with the pay period following the acceptance of the salary reduction agreement by the Administrator, shall not have retroactive effect and shall remain in force until revoked.

(2) A Participant may modify a prior election during the Plan Year and concurrently make a new election by filing a written notice with the Administrator within a reasonable time before the first day of the month for which such modification is to be effective. Any modification shall not have retroactive effect and shall remain in force until revoked.

(3) A Participant may elect to prospectively revoke his salary reduction agreement in its entirety at any time during the Plan Year by providing the Administrator with thirty days written notice of such revocation (or upon such shorter notice period as may be acceptable to the Administrator). Such

revocation shall become effective as of the beginning of the first pay period coincident with or next following the expiration of the notice period. Furthermore, the termination of the Participant's employment, or the cessation of participation for any reason, shall be deemed to revoke any salary reduction agreement then in effect, effective immediately following the close of the pay period within which such termination or cessation occurs.

4.3 TIME OF PAYMENT OF PARTICIPATING EMPLOYER CONTRIBUTION

Participating Employer contributions will be paid in cash, Company Stock or other property as the Participating Employer may from time to time determine. Company Stock and other property will be valued at their then fair market value. The Participating Employer shall generally pay to the Trustee its contribution to the Plan for each Plan Year, within the time prescribed by law, including extensions of time, for the filing of the Participating Employer federal income tax return for the Fiscal Year.

However, Participating Employer Elective Contributions accumulated through payroll deductions shall be paid to the Trustee as of the earliest date on which such contributions can reasonably be segregated from the Participating Employer general assets, but in any event no later than the fifteenth business day of the month following the month during which such amounts would otherwise have been payable to the Participant in cash. The provisions of Department of Labor regulations 2510.3-102 are incorporated herein by reference. Furthermore, any additional Participating Employer contributions which are allocable to the Participant's Elective Account for a Plan Year shall be paid to the Plan no later than the twelve-month period immediately following the close of such Plan Year.

4.4 ALLOCATION OF CONTRIBUTION, FORFEITURES AND EARNINGS

(a) The Administrator shall establish and maintain an account in the name of each Participant to which the Administrator shall credit no later than as of each Anniversary Date all amounts allocated to each such Participant as set forth herein.

(b) The Participating Employer shall provide the Administrator with all information required by the Administrator to make a proper allocation of the Participating Employer contributions for each Plan Year. Within a reasonable period of time after the date of receipt by the Administrator of such information, the Administrator shall allocate such contribution as follows:

(1) With respect to the Participating Employer Elective Contribution made pursuant to Section 4.1(a), to each Participant's Elective Account in an amount equal to each such Participant's Deferred Compensation for the year.

(2) With respect to the Participating Employer Non-Elective Contribution made pursuant to Section 4.1(b), to each Participant's Account in accordance with Section 4.1(b).

(3) With respect to the Participating Employer Non-Elective Contribution made pursuant to Section 4.1(c), to each Participant's Account in the same proportion that each such Participant's Compensation for the year bears to the total Compensation of all Participants for such year.

(c) The Company Stock Account of each Participant shall be credited as of each Anniversary Date with Forfeitures of Company Stock and his allocable share of Company Stock (including fractional shares) purchased and paid for by the Plan or contributed in kind by the Participating Employer. Stock dividends on Company Stock held in his Company Stock Account shall be credited to his Company Stock Account when paid. Cash dividends on Company Stock held in his Company Stock Account shall be credited to his Other Investments Account when paid.

(d) As of each Valuation Date, any earnings or losses (net appreciation or net depreciation) of the Trust Fund shall be allocated in the same proportion that each Participant's and Former Participant's time weighted average (based on beginning year base) nonsegregated accounts (other than each Participant's Company Stock Account) bear to the total of all Participants' and Former Participants' time weighted average (based on beginning year base) nonsegregated accounts (other than Participants' Company Stock Accounts) as of such date. Earnings or losses with respect to a Participant's Directed Account shall be allocated in accordance with Section 4.12.

Participants' transfers from other qualified plans deposited in the general Trust Fund shall share in any earnings and losses (net appreciation or net depreciation) of the Trust Fund in the same manner provided above. Each segregated account maintained on behalf of a Participant shall be credited or charged with its separate earnings and losses.

(e) As of each Anniversary Date any amounts which became Forfeitures since the last Anniversary Date shall first be made available to reinstate previously forfeited account balances of Former Participants, if any, in accordance with Section 7.4(f)(2). The remaining Forfeitures, if any, shall be allocated to Participants' Accounts and used to reduce the contribution of the Participating Employer hereunder for the Plan Year in which such Forfeitures occur in the following manner:

(1) Forfeitures attributable to Participating Employer matching contributions made pursuant to Section 4.1(b) shall be used to reduce the Participating Employer contribution for the Plan Year in which such Forfeitures occur.

(2) Forfeitures attributable to Participating Employer discretionary contributions made pursuant to Section 4.1(c) shall be added to any Participating Employer discretionary contribution for the Plan Year in which such Forfeitures occur and allocated among the Participants' Accounts in the same manner as any Participating Employer discretionary contribution.

Provided, however, that in the event the allocation of Forfeitures provided herein shall cause the "annual addition" (as defined in Section 4.9) to any Participant's Account to exceed the amount allowable by the Code, the excess shall be reallocated in accordance with Section 4.10.

(f) For any Top Heavy Plan Year, Employees not otherwise eligible to share in the allocation of contributions and Forfeitures as provided above, shall receive the minimum allocation provided for in Section 4.4(h) if eligible pursuant to the provisions of Section 4.4(j).

(g) Notwithstanding the foregoing, Participants who are not actively employed on the last day of the Plan Year due to Retirement (Early, Normal or Late), Total and Permanent Disability or death shall share in the allocation of contributions and Forfeitures for that Plan Year.

(h) Minimum Allocations Required for Top Heavy Plan Years: Notwithstanding the foregoing, for any Top Heavy Plan Year, the sum of the Participating Employer contributions and Forfeitures allocated to the Participant's Combined Account of each Employee shall be equal to at least three percent of such Employee's "415 Compensation" (reduced by contributions and forfeitures, if any, allocated to each Employee in any defined contribution plan included with this plan in a Required Aggregation Group). However, if (1) the sum of the Participating Employer contributions and Forfeitures allocated to the Participant's Combined Account of each Key Employee for such Top Heavy Plan Year is less than three percent of each Key Employee's "415 Compensation" and (2) this Plan is not required to be included in an Aggregation Group to enable a defined benefit plan to meet the requirements of Code Section 401(a)(4) or 410, the sum of the Participating Employer contributions and Forfeitures allocated to the Participant's Combined Account of each Employee shall be equal to the largest percentage allocated to the Participant's Combined Account of any Key Employee. However, in determining whether a Non-Key Employee has received the required minimum allocation, such Non-Key Employee's Deferred Compensation and matching contributions needed to satisfy the "Actual Contribution Percentage" tests pursuant to Section 4.7(a) shall not be taken into account.

However, no such minimum allocation shall be required in this Plan for any Employee who participates in another defined contribution plan subject to Code Section 412 included with this Plan in a Required Aggregation Group.

(i) For purposes of the minimum allocations set forth above, the percentage allocated to the Participant's Combined Account of any Key Employee shall be equal to the ratio of the sum of the Participating Employer contributions and Forfeitures allocated on behalf of such Key Employee divided by the "415 Compensation" for such Key Employee.

(j) For any Top Heavy Plan Year, the minimum allocations set forth above shall be allocated to the Participant's Combined Account of all Employees who are Participants and who are employed by the Participating Employer on the last day of the Plan Year, including Employees who have (1) failed to complete a Year of Service; and (2) declined to make mandatory contributions (if required) or, in the case of a cash or deferred arrangement, elective contributions to the Plan.

(k) In lieu of the above, in any Plan Year in which an Employee is a Participant in both this Plan and a defined benefit pension plan included in a Required Aggregation Group which is top heavy, the Participating Employer shall not be required to provide such Employee with both the full separate defined benefit plan minimum benefit and the full separate defined contribution plan minimum allocation.

Therefore, for any Plan Year when the Plan is a Top Heavy Plan, an Employee who is participating in this Plan and a defined benefit plan maintained by the Participating Employer shall receive a minimum monthly accrued benefit in the defined benefit plan equal to the product of (1) one-twelfth of "415 Compensation" averaged over the five consecutive "limitation years" (or actual "limitation years," if less) which produce the highest average and (2) the lesser of (i) two percent multiplied by years of service when the plan is top heavy or (ii) twenty percent.

(l) For the purposes of this Section, "415 Compensation" shall be limited to $150,000. Such amount shall be adjusted for increases in the cost of living in accordance with Code Section 401(a)(17), except that the dollar increase in effect on January 1 of any calendar year shall be effective for the Plan Year beginning with or within such calendar year. For any short Plan Year the "415 Compensation" limit shall be an amount equal to the "415 Compensation" limit for the calendar year in which the Plan Year begins multiplied by the ratio obtained by dividing the number of full months in the short Plan Year by twelve (12).

(m) Notwithstanding anything herein to the contrary, Participants who terminated employment for any reason during the Plan Year shall share in the salary reduction contributions made by the Participating Employer for the year of termination without regard to the Hours of Service credited.

(n) If a Former Participant is reemployed after five consecutive 1-Year Breaks in Service, then separate accounts shall be maintained as follows:

(1) One account for nonforfeitable benefits attributable to pre-break service; and

(2) One account representing his status in the Plan attributable to post-break service.

4.5 ACTUAL DEFERRAL PERCENTAGE TESTS

(a) Maximum Annual Allocation: For each Plan Year, the annual allocation derived from Participating Employer Elective Contributions to a Participant's Elective Account shall satisfy one of the following tests:

(1) The "Actual Deferral Percentage" for the Highly Compensated Participant group shall not be more than the "Actual Deferral Percentage" of the NonHighly Compensated Participant group multiplied by 1.25, or

(2) The excess of the "Actual Deferral Percentage" for the Highly Compensated Participant group over the "Actual Deferral Percentage" for the NonHighly Compensated Participant group shall not be more than two percentage points. Additionally, the "Actual Deferral Percentage" for the Highly Compensated Participant group shall not exceed the "Actual Deferral Percentage" for the NonHighly Compensated Participant group multiplied by 2. The provisions of Code Section 401(k)(3) and Regulation 1.401(k)-1(b) are incorporated herein by reference.

However, in order to prevent the multiple use of the alternative method described in (2) above and in Code Section 401(m)(9)(A), any Highly Compensated Participant eligible to make elective deferrals pursuant to Section 4.2 and to make Employee contributions or to receive matching contributions under this Plan or under any other plan maintained by the Participating Employer or an Affiliated Employer shall have a combination of his actual deferral ratio and his actual contribution ratio reduced pursuant to Regulation 1.401(m)-2, the provisions of which are incorporated herein by reference.

(b) For the purposes of this Section "Actual Deferral Percentage" means, with respect to the Highly Compensated Participant group and NonHighly Compensated Participant group for a Plan Year, the average of the ratios, calculated separately for each Participant in such group, of the amount of Participating Employer Elective Contributions allocated to each Highly Compensated Participant's Elective Account for such Plan Year and to each such NonHighly Compensated Participant's Elective Account for the preceding Plan Year, to such Participant's "414(s) Compensation" for the applicable Plan Year. The actual deferral ratio for each Participant and the "Actual Deferral Percentage" for each group shall be calculated to the nearest one-hundredth of one percent. Participating Employer Elective Contributions allocated to each NonHighly Compensated Participant's

Elective Account for the preceding Plan Year shall be reduced by Excess Deferred Compensation for the preceding Plan Year to the extent such excess amounts are made under this Plan or any other plan maintained by the Participating Employer.

(c) For the purposes of Sections 4.5(a) and 4.6, a Highly Compensated Participant and a NonHighly Compensated Participant shall include any Employee eligible to make a deferral election pursuant to Section 4.2, whether or not such deferral election was made or suspended pursuant to Section 4.2.

(d) For purposes of this Section and Code Sections 401(a)(4), 410(b) and 401(k), this Plan may not be combined with any other plan.

4.6 ADJUSTMENT TO ACTUAL DEFERRAL PERCENTAGE TESTS

In the event that the initial allocations of the Participating Employer Elective Contributions made pursuant to Section 4.4 do not satisfy one of the tests set forth in Section 4.5(a), the Administrator shall adjust Excess Contributions pursuant to the options set forth below:

(a) On or before the fifteenth day of the third month following the end of each Plan Year, the Highly Compensated Participant having the greatest actual deferral ratio shall have his actual deferral ratio reduced until one of the tests set forth in Section 4.5(a) is satisfied, or until his actual deferral ratio equals the actual deferral ratio of the Highly Compensated Participant having the second largest actual deferral ratio. This process shall continue until one of the tests set forth in Section 4.5(a) is satisfied. Once one of the tests set forth in Section 4.5(a) is satisfied, the total dollar amount of Elective Contributions represented by such reduction or reductions in actual deferral ratio or ratios shall be identified as the total amount of Excess Contributions to be distributed. These Excess Contributions will be attributed to and distributed from the accounts of Highly Compensated Employees as follows. The Elective Contribution for the Highly Compensated Employee with the largest Elective Contribution shall be reduced until either a) the total amount of Excess Contributions is distributed, or (b) the Elective Contribution for the Highly Compensated Employee with the greatest Elective Contribution is reduced to the level of the Elective Contribution for the Highly Compensated Employee with the next greatest Elective Contribution. This process shall continue until the total amount of Excess Contributions is distributed.

(1) With respect to the distribution of Excess Contributions pursuant to
(a) above, such distribution:

(i) may be postponed but not later than the close of the Plan Year following the Plan Year to which they are allocable;

(ii) shall be adjusted for Income; and

(iii) shall be designated by the Participating Employer as a distribution of Excess Contributions (and Income).

(2) Any distribution of less than the entire amount of Excess Contributions and Income shall be treated as a pro rata distribution of Excess Contributions and Income.

(3) Matching contributions which relate to Excess Contributions shall be forfeited unless the related matching contribution is distributed as an Excess Aggregate Contribution pursuant to Section 4.8.

(b) Within twelve (12) months after the end of the Plan Year, the Participating Employer may make a special Qualified Non-Elective Contribution on behalf of NonHighly Compensated Participants electing salary reductions pursuant to Section 4.2 in an amount sufficient to satisfy one of the tests set forth in Section 4.5(a). Such contribution shall be allocated to the Participant's Elective Account of each Non-Highly Compensated Participant electing salary reductions pursuant to Section 4.2 in the same proportion that each such NonHighly Compensated Participant's Deferred Compensation for the year bears to the total Deferred Compensation of all such NonHighly Compensated Participants.

(c) If during a Plan Year the projected aggregate amount of Elective Contributions to be allocated to all Highly Compensated Participants under this Plan would, by virtue of the tests set forth in Section 4.5(a), cause the Plan to fail such tests, then the Administrator may automatically reduce proportionately or in the order provided in Section 4.6(a) each affected Highly Compensated Participant's deferral election made pursuant to Section 4.2 by an amount necessary to satisfy one of the tests set forth in Section 4.5(a).

4.7 ACTUAL CONTRIBUTION PERCENTAGE TESTS

(a) The "Actual Contribution Percentage" for the Highly Compensated Participant group shall not exceed the greater of:

(1) 125 percent of such percentage for the NonHighly Compensated Participant group; or

(2) The lesser of 200 percent of such percentage for the NonHighly Compensated Participant group, or such percentage for the NonHighly Compensated Participant group plus 2 percentage points. However, to prevent the multiple use of the alternative method described in this paragraph and Code Section 401(m)(9)(A), any Highly Compensated Participant eligible to make elective deferrals pursuant to Section 4.2 or any other cash or deferred arrangement maintained by the Participating Employer or an Affiliated Employer and to make Employee contributions or to receive matching contributions under this Plan or under any other plan maintained by the Participating Employer or an Affiliated Employer shall have a combination of his actual deferral ratio and his actual

contribution ratio reduced pursuant to Regulation 1.401(m)-2. The provisions of Code Section 401(m) and Regulations 1.401(m)-1(b) and 1.401(m)-2 are incorporated herein by reference.

(b) For the purposes of this Section and Section 4.8, "Actual Contribution Percentage" for a Plan Year means, with respect to the Highly Compensated Participant group and Non-Highly Compensated Participant group, the average of the ratios (calculated separately for each Participant in each group) of:

(1) The sum of Participating Employer matching contributions made pursuant to Section 4.1(b) on behalf of each such Highly Compensated participant for such Plan Year and each Non-Highly Compensated Participant for the preceding Plan Year; to

(2) The Participant's "414(s) Compensation" for the applicable Plan Year.

(c) For purposes of determining the "Actual Contribution Percentage" and the amount of Excess Aggregate Contributions pursuant to Section 4.8(d), only Participating Employer matching contributions contributed to the Plan prior to the end of the succeeding Plan Year shall be considered. In addition, the Administrator may elect to take into account, with respect to Employees eligible to have Participating Employer matching contributions pursuant to Section 4.1(b) allocated to their accounts, elective deferrals (as defined in Regulation 1.402(g)-1(b)) and qualified non-elective contributions (as defined in Code Section 401(m)(4)(C)) contributed to any plan maintained by the Participating Employer. Such elective deferrals and qualified non-elective contributions shall be treated as Participating Employer matching contributions subject to Regulation 1.401(m)-1(b)(5) which is incorporated herein by reference. However, the Plan Year must be the same as the plan year of the plan to which the elective deferrals and the qualified non-elective contributions are made.

(d) For purposes of this Section and Code Sections 401(a)(4), 410(b) and 401(m), this Plan may not be combined with any other plan.

(e) For purposes of Sections 4.7(a) and 4.8, a Highly Compensated Participant and Non-Highly Compensated Participant shall include any Employee eligible to have Participating Employer matching contributions pursuant to Section 4.1(b) (whether or not a deferral election was made or suspended pursuant to Section 4.2(e)) allocated to his account for the Plan Year.

4.8 ADJUSTMENT TO ACTUAL CONTRIBUTION PERCENTAGE TESTS

(a) In the event that the "Actual Contribution Percentage" for the Highly Compensated Participant group exceeds the "Actual Contribution Percentage" for the Non-Highly Compensated Participant group pursuant to Section 4.7(a), the Highly Compensated Participant having the greatest actual contribution ratio shall have his actual contribution ratio reduced until one of the tests set forth in Section 4.7(a) is satisfied, or until his actual contribution ratio equals the actual contribution ratio of the Highly Compensated Participant having the second largest actual contribution ratio. This process shall continue until one of the tests set forth in Section 4.7(a) is satisfied. Once one of the tests set forth in Section 4.7(a) is satisfied, the total dollar amount of aggregate contributions represented by such reduction or reductions in actual contribution ratio or ratios shall be identified as the total amount of Excess Aggregate Contributions to be distributed and/or forfeited. These Excess Aggregate Contributions will be attributed to and distributed (with income), if vested, or forfeited (with income), if not vested from the accounts of Highly Compensated Employees as follows. The matching contribution for the Highly Compensated Employee with the largest matching contribution shall be reduced until either a) the total amount of Excess Aggregate Contributions is distributed, or b) the matching contributions for the Highly Compensated Employee with the greatest matching contributions is reduced to the level of the matching contributions for the Highly Compensated Employee with the next greatest matching contributions. This process shall continue until all Excess Aggregate Contributions are eliminated. Excess Aggregate Contributions shall be distributed to or forfeited by Highly Compensated Participants on or before the fifteenth day of the third month following the end of the Plan Year, but in no event later than the close of the following Plan Year.

To the extent necessary to affect correction, distributions and forfeitures shall occur proportionately from the vested portion of a Highly Compensated Employee's aggregate contributions (and Income allocable to such contributions) and, if forfeitable, from the non-Vested Excess Aggregate Contributions attributable to Participating Employer matching contributions (and Income allocable to such forfeitures).

If the correction of Excess Aggregate Contributions attributable to Participating Employer matching contributions is not in proportion to the Vested and non-Vested portion of such contributions, then the Vested portion of the Participant's Account attributable to Participating Employer matching contributions after the correction shall be subject to Section 7.5(h).

(b) Any distribution and/or Forfeiture of less than the entire amount of Excess Aggregate Contributions (and Income) shall be treated as a pro rata distribution and/or Forfeiture of Excess Aggregate Contributions and Income. Distribution of Excess Aggregate Contributions shall be designated by the Participating Employer as a distribution of Excess Aggregate Contributions (and Income).

Forfeitures of Excess Aggregate Contributions shall be treated in accordance with Section 4.4.

(c) Excess Aggregate Contributions, including forfeited matching contributions, shall be treated as Participating Employer contributions for purposes of Code Sections 404 and 415 even if distributed from the Plan.

Forfeited matching contributions that are reallocated to Participants' Accounts for the Plan Year in which the forfeiture occurs shall be treated as an "annual addition" pursuant to Section 4.9(b) for the Participants to whose Accounts they are reallocated and for the Participants from whose Accounts they are forfeited.

(d) For each Highly Compensated Participant, the amount of Excess Aggregate Contributions is equal to the Participating Employer matching contributions made pursuant to Section 4.1(b), and any qualified non-elective contributions or elective deferrals taken into account pursuant to Section 4.7(c) on behalf of the Highly Compensated Participant (determined prior to the application of this paragraph) minus the amount determined by multiplying the Highly Compensated Participant's actual contribution ratio (determined after application of this paragraph) by his "414(s) Compensation." The actual contribution ratio must be rounded to the nearest one-hundredth of one percent. In no case shall the amount of Excess Aggregate Contribution with respect to any Highly Compensated Participant exceed the amount of Participating Employer matching contributions made pursuant to Section 4.1(b), and any qualified non-elective contributions or elective deferrals taken into account pursuant to Section 4.7(c) on behalf of such Highly Compensated Participant for such Plan Year.

(e) The determination of the amount of Excess Aggregate Contributions with respect to any Plan Year shall be made after first determining the Excess Contributions, if any, to be treated as voluntary Employee contributions due to recharacterization for the plan year of any other qualified cash or deferred arrangement (as defined in Code Section 401(k)) maintained by the Participating Employer that ends with or within the Plan Year.

(f) If during a Plan Year the projected aggregate amount of Participating Employer matching contributions to be allocated to all Highly Compensated Participants under this Plan would, by virtue of the tests set forth in Section 4.7(a), cause the Plan to fail such tests, then the Administrator may automatically reduce proportionately or in the order provided in Section 4.8(a) each affected Highly Compensated Participant's projected share of such contributions by an amount necessary to satisfy one of the tests set forth in Section 4.7(a).

(g) Notwithstanding the above, within twelve months after the end of the Plan Year, the Participating Employer may make a special Qualified Non-Elective Contribution on behalf of Non-Highly Compensated Participants in an amount sufficient to satisfy one of the tests set forth in Section 4.7(a). Such contribution shall be

allocated to the Participant's Account of each Non-Highly Compensated Participant in the same proportion that each Non-Highly Compensated Participant's Compensation for the year bears to the total Compensation of all Non-Highly Compensated Participants. A separate accounting of any special Qualified Non-Elective Contribution shall be maintained in the Participant's Account.

4.9 MAXIMUM ANNUAL ADDITIONS

(a) Notwithstanding the foregoing, the maximum "annual additions" credited to a Participant's accounts for any "limitation year" shall equal the lesser of: (1) $30,000 (or such lerger amount as shall be in effect as a result of adjustments pursuant to Section 415(d) of the Code), or (2) twenty-five percent of the Participant's "415 Compensation" for such "limitation year." For any short "limitation year," the dollar limitation in (1) above shall be reduced by a fraction, the numerator of which is the number of full months in the short "limitation year" and the denominator of which is twelve.

(b) For purposes of applying the limitations of Code Section 415, "annual additions" means the sum credited to a Participant's accounts for any "limitation year" of (1) Participating Employer contributions, (2) Employee contributions, (3) forfeitures, (4) amounts allocated, after March 31, 1984, to an individual medical account, as defined in Code Section 415(l)(2) which is part of a pension or annuity plan maintained by the Participating Employer and (5) amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Code Section 419A(d)(3)) under a welfare benefit plan (as defined in Code Section 419(e)) maintained by the Participating Employer. Except, however, the "415 Compensation" percentage limitation referred to in paragraph (a)(2) above shall not apply to: (1) any contribution for medical benefits (within the meaning of Code Section 419A(f)(2)) after separation from service which is otherwise treated as an "annual addition," or (2) any amount otherwise treated as an "annual addition" under Code Section 415(l)(1).

(c) For purposes of applying the limitations of Code Section 415, the transfer of funds from one qualified plan to another is not an "annual addition." In addition, the following are not Employee contributions for the purposes of Section 4.9(b)(2): (1) rollover contributions (as defined in Code Sections 402(e)(6), 403(a)(4), 403(b)(8) and 408(d)(3)); (2) repayments of loans made to a Participant from the Plan; (3) repayments of distributions received by an Employee pursuant to Code Section 411(a)(7)(B) (cash-outs); (4) repayments of distributions received by an Employee pursuant to Code Section 411(a)(3)(D) (mandatory contributions); and (5) Employee contributions to a simplified employee pension excludable from gross income under Code Section 408(k)(6).

(d) For purposes of applying the limitations of Code Section 415, the "limitation year" shall be the Plan Year.

(e) For the purpose of this Section, all qualified defined benefit plans (whether terminated or not) ever maintained by the Participating Employer shall be treated as one defined benefit plan, and all qualified defined contribution plans (whether terminated or not) ever maintained by the Participating Employer shall be treated as one defined contribution plan.

(f) For the purpose of this Section, if the Participating Employer is a member of a controlled group of corporations, trades or businesses under common control (as defined by Code Section 1563(a) or Code Section 414(b) and (c) as modified by Code Section 415(h)), is a member of an affiliated service group (as defined by Code Section 414(m)), or is a member of a group of entities required to be aggregated pursuant to Regulations under Code Section 414(o), all Employees of such Participating Employers shall be considered to be employed by a single Participating Employer.

(g) For the purpose of this Section, if this Plan is a Code Section 413(c) plan, each Participating Employer who maintains this Plan will be considered to be a separate Participating Employer.

(h)(1) If a Participant participates in more than one defined contribution plan maintained by the Participating Employer which have different Anniversary Dates, the maximum "annual additions" under this Plan shall equal the maximum "annual additions" for the "limitation year" minus any "annual additions" previously credited to such Participant's accounts during the "limitation year."

(2) If a Participant participates in both a defined contribution plan subject to Code Section 412 and a defined contribution plan not subject to Code Section 412 maintained by the Participating Employer which have the same Anniversary Date, "annual additions" will be credited to the Participant's accounts under the defined contribution plan subject to Code Section 412 prior to crediting "annual additions" to the Participant's accounts under the defined contribution plan not subject to Code Section 412.

(3) If a Participant participates in more than one defined contribution plan not subject to Code Section 412 maintained by the Participating Employer which have the same Anniversary Date, the maximum "annual additions" under this Plan shall equal the product of (A) the maximum "annual additions" for the "limitation year" minus any "annual additions" previously credited under subparagraphs (1) or (2) above, multiplied by (B) a fraction (i) the numerator of which is the "annual additions" which would be credited to such Participant's accounts under this Plan without regard to the limitations of Code Section 415 and (ii) the denominator of which is such "annual additions" for all plans described in this subparagraph.

(i) For Plan Years beginning before January 1, 2000, if an Employee is (or has been) a Participant in one or more defined benefit plans and one or more defined contribution plans maintained by the Participating Employer, the sum of the defined benefit plan fraction and the defined contribution plan fraction for any "limitation year" may not exceed 1.0.

(j) The defined benefit plan fraction for any "limitation year" prior to January 1, 2000 is a fraction, the numerator of which is the sum of the Participant's projected annual benefits under all the defined benefit plans (whether or not terminated) maintained by the Participating Employer, and the denominator of which is the lesser of 125 percent of the dollar limitation determined for the "limitation year" under Code Sections 415(b) and (d) or 140 percent of the highest average compensation, including any adjustments under Code Section 415(b).

Notwithstanding the above, if the Participant was a Participant as of the first day of the first "limitation year" beginning after December 31, 1986, in one or more defined benefit plans maintained by the Participating Employer which were in existence on May 6, 1986, the denominator of this fraction will not be less than 125 percent of the sum of the annual benefits under such plans which the Participant had accrued as of the close of the last "limitation year" beginning before January 1, 1987, disregarding any changes in the terms and conditions of the plan after May 5, 1986. The preceding sentence applies only if the defined benefit plans individually and in the aggregate satisfied the requirements of Code Section 415 for all "limitation years" beginning before January 1, 1987.

(k) For Plan Years beginning prior to January 1, 2000, the defined contribution plan fraction for any "limitation year" is a fraction, the numerator of which is the sum of the annual additions to the Participant's Account under all the defined contribution plans (whether or not terminated) maintained by the Participating Employer for the current and all prior "limitation years" (including the annual additions attributable to the Participant's nondeductible Employee contributions to all defined benefit plans, whether or not terminated, maintained by the Participating Employer, and the annual additions attributable to all welfare benefit funds, as defined in Code Section 419(e), and individual medical accounts, as defined in Code Section 415(l)(2), maintained by the Participating Employer), and the denominator of which is the sum of the maximum aggregate amounts for the current and all prior "limitation years" of service with the Participating Employer (regardless of whether a defined contribution plan was maintained by the Participating Employer). The maximum aggregate amount in any "limitation year" is the lesser of 125 percent of the dollar limitation determined under Code Sections 415(b) and (d) in effect under Code Section 415(c)(1)(A) or 35 percent of the Participant's Compensation for such year.

If the Employee was a Participant as of the end of the first day of the first "limitation year" beginning after December 31, 1986, in one or more defined contribution plans maintained by the Participating Employer which were in existence on May 6, 1986, the numerator of this fraction will be adjusted if the sum of this fraction and the defined benefit fraction would otherwise exceed 1.0 under the terms of this Plan. Under the adjustment, an amount equal to the product of (1) the excess of the sum of the fractions over 1.0 times (2) the denominator of this fraction, will be permanently subtracted from the numerator of this fraction. The adjustment is calculated using the fractions as they would be computed as of the end of the last "limitation year" beginning before January 1, 1987, and disregarding any changes in the terms and conditions of the Plan made after May 5, 1986, but using the Code Section 415 limitation applicable to the first "limitation year" beginning on or after January 1, 1987. The annual addition for any "limitation year" beginning before January 1, 1987 shall not be recomputed to treat all Employee contributions as annual additions.

(l) Notwithstanding the foregoing, for any "limitation year" in which the Plan is a Top Heavy Plan prior to January 1, 2000, 100 percent shall be substituted for 125 percent in Sections 4.9(j) and 4.9(k).

(m) For Plan Years prior to January 1, 2000, if the sum of the defined benefit plan fraction and the defined contribution plan fraction shall exceed 1.0 in any "limitation year" for any Participant in this Plan, the Administrator shall adjust the numerator of the defined benefit plan fraction so that the sum of both fractions shall not exceed 1.0 in any "limitation year" for such Participant.

(n) Notwithstanding anything contained in this Section to the contrary, the limitations, adjustments and other requirements prescribed in this Section shall at all times comply with the provisions of Code Section 415 and the Regulations thereunder, the terms of which are specifically incorporated herein by reference.

4.10 ADJUSTMENT FOR EXCESSIVE ANNUAL ADDITIONS

(a) If, as a result of the allocation of Forfeitures, a reasonable error in estimating a Participant's Compensation, a reasonable error in determining the amount of elective deferrals (within the meaning of Code Section 402(g)(3)) that may be made with respect to any Participant under the limits of Section 4.9 or other facts and circumstances to which Regulation 1.415-6(b)(6) shall be applicable, the "annual additions" under this Plan would cause the maximum "annual additions" to be exceeded for any Participant, the Administrator shall (1) distribute any elective deferrals (within the meaning of Code Section 402(g)(3)) or return any Employee contributions (whether voluntary or mandatory), and for the distribution of gains attributable to those elective deferrals and Employee contributions, to the extent that the distribution or return would reduce the "excess amount" in the Participant's accounts (2) hold any "excess amount" remaining after the return of any elective deferrals or voluntary Employee contributions in a "Section 415 suspense account" (3) use the "Section 415 suspense account" in the next "limitation year" (and succeeding "limitation years" if necessary) to reduce Participating Employer contributions for that Participant if that Participant is covered by the Plan as of the end of the "limitation year," or if the Participant is not so covered, allocate and reallocate the "Section 415 suspense account" in the next "limitation year" (and succeeding "limitation years" if necessary) to all Participants in the Plan before any Participating Employer or Employee contributions which would constitute "annual additions" are made to the Plan for such "limitation year" (4) reduce Participating Employer contributions to the Plan for such "limitation year" by the amount of the "Section 415 suspense account" allocated and reallocated during such "limitation year."

(b) For purposes of this Article, "excess amount" for any Participant for a "limitation year" shall mean the excess, if any, of (1) the "annual additions" which would be credited to his account under the terms of the Plan without regard to the limitations of Code Section 415 over (2) the maximum "annual additions" determined pursuant to Section 4.9.

(c) For purposes of this Section, "Section 415 suspense account" shall mean an unallocated account equal to the sum of "excess amounts" for all Participants in the Plan during the "limitation year." The "Section 415 suspense account" shall not share in any earnings or losses of the Trust Fund.

4.11 TRANSFERS FROM QUALIFIED PLANS

(a) With the consent of the Administrator, amounts may be transferred from other qualified plans by Eligible Employees, provided that the trust from which such funds are transferred permits the transfer to be made and the transfer will not jeopardize the tax exempt status of the Plan or Trust or create adverse tax consequences for the Participating Employer. The amounts transferred shall be set up in a separate account herein referred to as a "Participant's Rollover Account." Such account shall be fully Vested at all times and shall not be subject to Forfeiture for any reason.

(b) Amounts in a Participant's Rollover Account shall be held by the Trustee pursuant to the provisions of this Plan and may not be withdrawn by, or distributed to the Participant, in whole or in part, except as provided in paragraphs (c) and (d) of this Section.

(c) Except as permitted by Regulations (including Regulation 1.411(d)-4), amounts attributable to elective contributions (as defined in Regulation 1.401(k)-1(g)(3)), including amounts treated as elective contributions, which are transferred from another qualified plan in a plan-to-plan transfer shall be subject to the distribution limitations provided for in Regulation 1.401(k)-1(d).

(d) The Administrator may direct that employee transfers made after a valuation date be segregated into a separate account for each Participant in a federally insured savings account, certificate of deposit in a bank or savings and loan association, money market certificate, or other short term debt security acceptable to the Trustee until such time as the allocations pursuant to this Plan have been made, at which time they may remain segregated or be invested as part of the general Trust Fund, to be determined by the Administrator.

(e) For purposes of this Section, the term "qualified plan" shall mean any tax qualified plan under Code Section 401(a). The term "amounts transferred from other qualified plans" shall mean: (i) amounts transferred to this Plan directly from another qualified plan; (ii) distributions from another qualified plan which are eligible rollover distributions and which are either transferred by the Employee to this Plan within sixty days following his receipt thereof or are transferred pursuant to a direct rollover; (iii) amounts transferred to this Plan from a conduit individual retirement account provided that the conduit individual retirement account has no assets other than assets which (A) were previously distributed to the Employee by another qualified plan as a lump-sum distribution (B) were eligible for tax-free rollover to a qualified plan and (C) were deposited in such conduit individual retirement account within sixty days of receipt thereof and other than earnings on said assets; and (iv) amounts distributed to the Employee from a conduit individual retirement account meeting the requirements of clause (iii) above, and transferred by the Employee to this Plan within sixty days of his receipt thereof from such conduit individual retirement account.

(g) Prior to accepting any transfers to which this Section applies, the Administrator may require the Employee to establish that the amounts to be transferred to this Plan meet the requirements of this Section and may also require the Employee to provide an opinion of counsel satisfactory to the Participating Employer that the amounts to be transferred meet the requirements of this Section.

(h) This Plan shall not accept any direct or indirect transfers (as that term is defined and interpreted under Code Section 401(a)(11) and the Regulations thereunder) from a defined benefit plan, money purchase plan (including a target benefit plan), stock bonus or profit sharing plan which would otherwise have provided for a life annuity form of payment to the Participant.

(i) Notwithstanding anything herein to the contrary, a transfer directly to this Plan from another qualified plan (or a transaction having the effect of such a transfer) shall only be permitted if it will not result in the elimination or reduction of any "Section 411(d)(6) protected benefit" as described in Section 9.1.

4.12 DIRECTED INVESTMENT ACCOUNT

(a) Participants may, subject to Section 4.12(c) and a procedure established by the Administrator (the Participant Direction Procedures) and applied in a uniform nondiscriminatory manner, direct the Trustee to invest all or a portion of their Participant's Elective Account (and such other account balances as specified in the Procedures) in specific assets, specific funds or other investments permitted under the Plan and the Participant Direction Procedures. That portion of the interest of any Participant so directing will thereupon be considered a Participant's Directed Account.

(b) As of each Valuation Date, all Participant Directed Accounts shall be charged or credited with the net earnings, gains, losses and expenses as well as any appreciation or depreciation in the market value using publicly listed fair market values when available or appropriate.

(1) To the extent that the assets in a Participant's Directed Account are accounted for as pooled assets or investments, the allocation of earnings, gains and losses of each Participant's Directed Account shall be based upon the total amount of funds so invested, in a manner proportionate to the Participant's share of such pooled investment.

(2) To the extent that the assets in the Participant's Directed Account are accounted for as segregated assets, the allocation of earnings, gains and losses from such assets shall be made on a separate and distinct basis.

(c) Each "Qualified Participant" may elect within ninety days after the close of each Plan Year during the "Qualified Election Period" to direct the Trustee in writing as to the investment of 25 percent of the total number of shares of Company Stock acquired by or contributed to the Plan that have ever been allocated to such "Qualified Participant's" Company Stock Account (reduced by the number of shares of Company Stock previously invested pursuant to a prior election). In the case of the election year in which the Participant can make his last election, the preceding sentence shall be applied by substituting "50 percent" for "25 percent." If the "Qualified Participant" elects to direct the Trustee as to the investment of his Company Stock Account, such direction shall be effective no later than 180 days after the close of the Plan Year to which such direction applies. In lieu of directing the Trustee as to the investment of his Company Stock Account, the "Qualified Participant" may elect a distribution in cash or Company Stock of the portion of his Company Stock Account covered by the election within ninety days after the last day of the period during which the election can be made. Any such distribution of Company Stock shall be subject to Section 8.18. Furthermore, the Participant must be given a choice of at least three distinct investment options.

Notwithstanding the above, if the fair market value (determined pursuant to Section 6.1 at the Plan Valuation Date immediately preceding the first day on which a "Qualified Participant" is eligible to make an election) of Company Stock acquired by or contributed to the Plan and allocated to a "Qualified Participant's" Company Stock Account is $500 or less, then such Company Stock shall not be subject to this paragraph. For purposes of determining whether the fair market value exceeds $500, Company Stock held in accounts of all employee stock ownership plans (as defined in Code Section 4975(e)(7)) and tax credit employee stock ownership plans (as defined in Code Section 409(a)) maintained by the Participating Employer or any Affiliated Employer shall be considered as held by the Plan.

(d) For the purposes of this Section the following definitions shall apply:

(1) "Qualified Participant" means any Participant or Former Participant who has completed ten years as a Participant and has attained age fifty-five.

(2) "Qualified Election Period" means the six (6) Plan Year period beginning with the later of (i) the first Plan Year in which the Participant first became a "Qualified Participant," or (ii) the first Plan Year beginning after December 31, 1986.

ARTICLE V
FUNDING AND INVESTMENT POLICY

5.1 INVESTMENT POLICY

(a) The Plan is designed to invest primarily in Company Stock.

(b) With due regard to subparagraph (a) above, the Administrator may also direct the Trustee to invest funds under the Plan in other property described in the Trust, or the Trustee may hold such funds in cash or cash equivalents.

(c) The Plan may not obligate itself to acquire Company Stock from a particular holder thereof at an indefinite time determined upon the happening of an event such as the death of the holder.

(d) The Plan may not obligate itself to acquire Company Stock under a put option binding upon the Plan. However, at the time a put option is exercised, the Plan may be given an option to assume the rights and obligations of the Participating Employer under a put option binding upon the Participating Employer.

(e) All purchases of Company Stock shall be made at a price which, in the judgment of the Administrator, does not exceed the fair market value thereof. All sales of Company Stock shall be made at a price which, in the judgment of the Administrator, is not less than the fair market value thereof. The valuation rules set forth in Article VI shall be applicable.

5.2 TRANSACTIONS INVOLVING COMPANY STOCK

(a) No portion of the Trust Fund attributable to (or allocable in lieu of) Company Stock acquired by the Plan in a sale to which Code Section 1042 applies may accrue or be allocated directly or indirectly under any plan maintained by the Participating Employer meeting the requirements of Code Section 401(a):

(1) During the "Nonallocation Period," for the benefit of

(i) any taxpayer who makes an election under Code Section 1042(a) with respect to Company Stock,

(ii) any individual who is related to the taxpayer (within the meaning of Code Section 267(b)), or

(2) For the benefit of any other person who owns (after application of Code Section 318(a) applied without regard to the employee trust exception in Code Section 318(a)(2)(B)(i)) more than 25 percent of

(i) any class of outstanding stock of the Participating Employer or Affiliated Employer which issued such Company Stock, or

(ii) the total value of any class of outstanding stock of the Participating Employer or Affiliated Employer.

(b) Except, however, subparagraph (a)(1)(ii) above shall not apply to lineal descendants of the taxpayer, provided that the aggregate amount allocated to the benefit of all such lineal descendants during the "Nonallocation Period" does not exceed more than five (5) percent of the Company Stock (or amounts allocated in lieu thereof) held by the Plan which are attributable to a sale to the Plan by any person related to such descendants (within the meaning of Code Section 267(c)(4)) in a transaction to which Code Section 1042 is applied.

(c) A person shall be treated as failing to meet the stock ownership limitation under paragraph (a)(2) above if such person fails such limitation:

(1) at any time during the one (1) year period ending on the date of sale of Company Stock to the Plan, or

(2) on the date as of which Company Stock is allocated to Participants in the Plan.

(d) For purposes of this Section, "Nonallocation Period" means the period beginning on the date of the sale of the Company Stock and ending on the date which is ten (10) years after the date of sale.

ARTICLE IV
VALUATIONS

6.1 VALUATION OF THE TRUST FUND

The Administrator shall direct the Trustee, as of each Valuation Date, to determine the net worth of the assets comprising the Trust Fund as it exists on the Valuation Date. In determining such net worth, the Trustee shall value the assets comprising the Trust Fund at their fair market value as of the Valuation Date and shall deduct all expenses for which the Trustee has not yet obtained reimbursement from the Employer or the Trust Fund. The Trustee may update the value of any shares held in the Participant Directed Account by reference to the number of shares held by that Participant, priced at the market value as of the Valuation Date.

6.2 METHOD OF VALUATION

Valuations must be made in good faith and based on all relevant factors for determining the fair market value of securities. In the case of a transaction between a Plan and a disqualified person, value must be determined as of the date of the transaction. For Plan distribution purposes, value will be determined as of the date of the transaction. For all other Plan purposes, value will be determined as of the most recent valuation date under the Plan. An independent appraisal will not in itself be a good faith determination of value in the case of a transaction between the Plan and a disqualified person. However, in other cases, a determination of fair market value based on at least an annual appraisal independently arrived at by a person who customarily makes such appraisals and who is independent of any party to the transaction will be deemed to be a good faith determination of value. Company Stock not readily tradeable on an established securities market shall be valued by an independent appraiser meeting requirements similar to the requirements of the Regulations prescribed under Code Section 170(a)(1).

ARTICLE VII

DETERMINATION AND DISTRIBUTION OF BENEFITS

7.1 DETERMINATION OF BENEFITS UPON RETIREMENT

Every Participant may terminate his employment with the Participating Employer and retire for the purposes hereof on his Normal Retirement Date or Early Retirement Date. However, a Participant may postpone the termination of his employment with the Participating Employer to a later date, in which event the participation of such Participant in the Plan, including the right to receive allocations pursuant to Section 4.4, shall continue until his Late Retirement Date. Upon a Participant's Retirement Date, or as soon thereafter as is practicable, the Trustee shall, at the election of the Participant, distribute all amounts credited to such Participant's Combined Account in accordance with Article 8.

7.2 DETERMINATION OF BENEFITS UPON DEATH

(a) Upon the death of a Participant before his Retirement Date or other termination of his employment, all amounts credited to such Participant's Combined Account shall become fully Vested. If elected, distribution of the Participant's Combined Account shall commence not later than one (1) year after the close of the Plan Year in which such Participant's death occurs. The Administrator shall direct the Trustee, in accordance with the provisions of Article 8, to distribute the value of the deceased Participant's accounts to the Participant's Beneficiary.

(b) Upon the death of a Former Participant, the Administrator shall direct the Trustee, in accordance with the provisions of Article 8, to distribute any remaining Vested amounts credited to the accounts of a deceased Former Participant to such Former Participant's Beneficiary.

(c) Any security interest held by the Plan by reason of an outstanding loan to the Participant or Former Participant shall be taken into account in determining the amount of the death benefit.

(d) The Administrator may require such proper proof of death and such evidence of the right of any person to receive payment of the value of the account of a deceased Participant or Former Participant as the Administrator may deem desirable. The Administrator's determination of death and of the right of any person to receive payment shall be conclusive.

(e) The Beneficiary of the death benefit payable pursuant to this Section shall be the Participant's spouse. Except, however, the Participant may designate a Beneficiary other than his spouse if:

(1) the spouse has waived the right to be the Participant's Beneficiary, or

(2) the Participant is legally separated or has been abandoned (within the meaning of local law) and the Participant has a court order to such effect (and there is no "qualified domestic relations order" as defined in Code Section 414(p) which provides otherwise), or

(3) the Participant has no spouse, or

(4) the spouse cannot be located.

In such event, the designation of a Beneficiary shall be made on a form satisfactory to the Administrator. A Participant may at any time revoke his designation of a Beneficiary or change his Beneficiary by filing written notice of such revocation or change with the Administrator. However, the Participant's spouse must again consent in writing to any change in Beneficiary unless the original consent acknowledged that the spouse had the right to limit consent only to a specific Beneficiary and that the spouse voluntarily elected to relinquish such right. In the event no valid designation of Beneficiary exists at the time of the Participant's death, the death benefit shall be payable to his estate.

(f) Any consent by the Participant's spouse to waive any rights to the death benefit must be in writing, must acknowledge the effect of such waiver, and be witnessed by a Plan representative or a notary public. Further, the spouse's consent must be irrevocable and must acknowledge the specific nonspouse Beneficiary.

7.3 DETERMINATION OF BENEFITS IN EVENT OF DISABILITY

In the event of a Participant's Total and Permanent Disability prior to his Retirement Date or other termination of his employment, all amounts credited to such Participant's Combined Account shall become fully Vested. In the event of a Participant's Total and Permanent Disability, the Trustee, in accordance with the provisions of Article 8, shall distribute to such Participant all amounts credited to such Participant's Combined Account as though he had retired. If such Participant elects, distribution shall commence not later than one (1) year after the close of the Plan Year in which Total and Permanent Disability occurs.

7.4 DETERMINATION OF BENEFITS UPON TERMINATION

(a) If a Participant's employment with the Participating Employer is terminated for any reason other than death, Total and Permanent Disability or retirement, such Participant shall be entitled to such benefits as are provided hereinafter pursuant to this Section 7.4.

If a portion of a Participant's Account is forfeited, Company Stock allocated to the Participant's Company Stock Account must be forfeited only after the Participant's Other Investments Account has been depleted. If interest in more than one class of Company Stock has been allocated to a Participant's Account, the Participant must be treated as forfeiting the same proportion of each such class.

Distribution of the funds due to a Terminated Participant shall be made on the occurrence of an event which would result in the distribution had the Terminated Participant remained in the employ of the Participating Employer (upon the Participant's death, Total and Permanent Disability, Early or Normal Retirement). However, at the election of the Participant, the Administrator shall direct the Trustee to cause the entire Vested portion of the Terminated Participant's Combined Account to be payable to such Terminated Participant as soon as administratively feasible following termination of employment. Any distribution under this paragraph shall be made in a manner which is consistent with and satisfies the provisions of Article 8, including, but not limited to, all notice and consent requirements of Code Section 411(a)(11) and the Regulations thereunder.

If the value of a Terminated Participant's Vested benefit derived from Participating Employer and Employee contributions does not exceed $5,000 for distributions occurring after December 31,1997, the Administrator shall direct the Trustee to cause the entire Vested benefit to be paid to such Participant in a single lump sum.

(b) The Vested portion of any Participant's Account shall be a percentage of the total amount credited to his Participant's Account determined on the basis of the Participant's number of Years of Service according to the following schedule:

Vesting Schedule Years of Service	Percentage
less than 1	0 %
1	20 %
2	40 %
3	60 %
4	80 %
5 or more	100 %

For Participants in the Pioneer American Bank, N.A., 401(k) Plan on December 31, 2000, the Vested portion of their account for subsequent Plan Years shall be determined according to the following schedule:

Less than 1	0%
1	20%
2	40%
3	100%

For Participants in the M. Griffith, Inc. Employee Savings Plan on December 31, 2000, the Vested portion of their account for subsequent Plan Years shall be determined according to the following schedule:

Less than 1	0%
1	0%
2	100%

(c) Notwithstanding the vesting schedule above, the Vested percentage of a Participant's Account shall not be less than the Vested percentage attained as of the later of the effective date or adoption date of this amendment and restatement.

(d) The computation of a Participant's nonforfeitable percentage of his interest in the Plan shall not be reduced as the result of any direct or indirect amendment to this Plan. For this purpose, the Plan shall be treated as having been amended if the Plan provides for an automatic change in vesting due to a change in top heavy status. In the event that the Plan is amended to change or modify any vesting schedule, a Participant with at least three Years of Service as of the expiration date of the election period may elect to have his nonforfeitable percentage computed under the Plan without regard to such amendment. If a Participant fails to make such election, then such Participant shall be subject to the new vesting schedule. The Participant's election period shall commence on the adoption date of the amendment and shall end sixty days after the latest of:

(1) the adoption date of the amendment,

(2) the effective date of the amendment, or

(3) the date the Participant receives written notice of the amendment from the Participating Employer or Administrator.

(e)(1) If any Former Participant shall be reemployed by the Participating Employer before a 1-Year Break in Service occurs, he shall continue to participate in the Plan in the same manner as if such termination had not occurred.

(2) If any Former Participant shall be reemployed by the Participating Employer before five consecutive 1-Year Breaks in Service, and such Former Participant had received a distribution of his entire Vested interest prior to his reemployment, his forfeited account shall be reinstated only if he repays the full amount distributed to him before the earlier of five years after the first date on which the

Participant is subsequently reemployed by the Participating Employer or the close of the first period of five (5) consecutive 1-Year Breaks in Service commencing after the distribution. In the event the Former Participant does repay the full amount distributed to him, the undistributed portion of the Participant's Account must be restored in full, unadjusted by any gains or losses occurring subsequent to the Valuation Date coinciding with or preceding his termination. The source for such reinstatement shall first be any Forfeitures occurring during the year. If such source is insufficient, then the Participating Employer shall contribute an amount which is sufficient to restore any such forfeited Accounts provided, however, that if a discretionary contribution is made for such year pursuant to Section 4.1(c), such contribution shall first be applied to restore any such Accounts and the remainder shall be allocated in accordance with Section 4.4.

(3) If any Former Participant is reemployed after a 1-Year Break in Service has occurred, Years of Service shall include Years of Service prior to his 1-Year Break in Service subject to the following rules:

(i) If a Former Participant has a 1-Year Break in Service, his pre-break and post-break service shall be used for computing Years of Service for eligibility and for vesting purposes only after he has been employed for one Year of Service following the date of his reemployment with the Participating Employer;

(ii) Any Former Participant who under the Plan does not have a nonforfeitable right to any interest in the Plan resulting from Participating Employer contributions shall lose credits otherwise allowable under (i) above if his consecutive 1-Year Breaks in Service equal or exceed the greater of (A) five or (B) the aggregate number of his pre-break Years of Service;

(iii) After five consecutive 1-Year Breaks in Service, a Former Participant's Vested Account balance attributable to pre-break service shall not be increased as a result of post-break service;

(iv) If a Former Participant who has not had his Years of Service before a 1-Year Break in Service disregarded pursuant to (ii) above completes a Year of Service for eligibility purposes following his reemployment with the Participating Employer, he shall participate in the Plan retroactively from his date of reemployment;

(v) If a Former Participant who has not had his Years of Service before a 1-Year Break in Service disregarded pursuant to (ii) above completes a Year of Service (a 1-Year Break

in Service previously occurred, but employment had not terminated), he shall participate in the Plan retroactively from the first day on which he is credited with an Hour of Service after the first eligibility computation period in which he incurs a 1-Year Break in Service.

ARTICLE VIII
PAYMENT OR DISTRIBUTION OF BENEFIT

8.1 TIME FOR DISTRIBUTION OF BENEFITS

Distribution of benefits under the Plan shall be made or commence not later than the sixtieth day following the close of the Plan Year in which a Participant's Retirement occurs, subject, however, to Sections 8.3, 9.1, 9.2 and 9.3.

Subject to Sections 8.3 and 8.4, distribution of severance benefits under the Plan shall be made as promptly as practicable upon the request of a Former Participant who has terminated employment with a Participating Employer (or of the Beneficiary of a deceased Former Participant). If the value of a Former Participant's Combined Account does not exceed $5,000 for distributions occurring after December 31, 1997, the combined Account shall be distributed to him as promptly as practicable following the close of the Plan Year in which he first incurs a One-Year Break in Service. If the value of a Participant's or Former Participant's Combined Account exceeds $5,000 for distributions occurring after December 31, 1997, distribution of the combined Account shall not be made or commence without the consent of the Participant or Former Participant (and his spouse, if he is married) before the earlier of (a) the Participant's or Former Participant's sixty-fifth birthday or (b) the Participant's or Former Participant's death. Subject to 8.3 distribution of a Participant's or Former Participant's combined Account shall commence no later than the sixtieth day following the close of the Plan Year described in the preceding sentence.

A distribution to which Sections 401(a)(11) and 417 of the Code do not apply may commence less than thirty days after the notice required under Income Tax Regulations Section 1.411(a)-11(c) is given, provided that the Administrator informs the distributee that he has a right to a period of at least thirty days after receiving the notice to consider whether or not to elect a distribution and if so, what form of distribution, and the Participant, Former Participant or Beneficiary thereafter affirmatively elects a distribution.

8.2 MANNER OF DISTRIBUTION

Effective May 1, 2001 distributions to a Participant, Former Participant or Beneficiary shall be distributed in one lump sum payment, subject to the provisions of Section 13.17.

Effective for distributions occurring prior to May 1, 2001 and subject to Section 8.3, Section 8.4, Section 9.1, Section 9.2 and Section 9.3, retirement and severance benefits determined under Article 7 shall be distributed in cash or kind, in one or any combination of the following manners selected by the Participant (which term shall, for purposes of this Section 8.2, include a Former Participant):

(a) In a lump sum distribution or in one or more partial distributions in such amount as the Participant may from time to time elect;

(b) In substantially equal installments over a period certain not to exceed the life expectancy of the Participant or the joint life and last survivor expectancy of the Participant and his Designated Beneficiary;

(c) By purchase from an insurance company and distribution to the Participant of a nontransferable fixed or variable annuity contract, other than a life annuity contract, providing for payments over a period certain not to exceed the life expectancy of the Participant or the joint life and last survivor expectancy of the Participant and his Designated Beneficiary; or

(d) By purchase from an insurance company and distribution to the Participant of a nontransferable life annuity contract providing for payments over a period not to exceed the life of the Participant (with or without a joint and survivor 50, 75 or 100 percent or period certain or guaranteed refund feature).

If distribution is made under Paragraph (b), (c) or (d) above, unless distribution is made in the form of a Qualified Joint and Survivor Annuity, the distribution must be made in a manner that satisfies the requirements of Section 8.3

Subject to Section 8.4, in the event of the death of a Participant who had begun to receive a distribution of benefits in installments or as an annuity under the foregoing provisions of this Section 8.2, distribution of installments shall continue after his death to his Beneficiary, over a period no longer than that contemplated at the commencement of distribution to the deceased Participant. In the event of the death of a Participant who had not received any distribution of benefits, distribution to his Beneficiary of benefits determined under Article 7 shall be made or commence promptly after his death, and in no event later than the sixtieth day following the close of the Plan Year in which his death occurred; provided, however, that the Beneficiary may elect to postpone the commencement of benefit distributions until any date which meets the requirements stated in the following paragraphs:

(e) If the spouse of the deceased Participant is his Designated Beneficiary for any portion of his Account, payment of such portion must commence no later than the later of (i) December 31 of the calendar year immediately following the calendar year in which the Participant died, and (ii) December 31 of the calendar year in which the deceased Participant would have attained age seventy and one-half.

(f) If any portion of the deceased Participant's Account is payable to a Designated Beneficiary other than his spouse, payment of such portion must commence on or before December 31 of the calendar year immediately following the calendar year in which he died.

(g) Prior to May 1, 2001, Distributions under Paragraphs (e) and (f) may be made (i) in a lump sum, (ii) in a series of substantially equal annual (or more frequent) installments over a period not exceeding the Designated Beneficiary's life

expectancy; or (iii) an annuity. Distribution occurring on or after May 1, 2001 will be made in a lump sum.

(h) In any case other than those described in Paragraphs (e) and (f), the entire Account of the deceased Participant must be distributed by December 31 of the calendar year including the fifth anniversary of the Participant's date of death, in a lump sum or in such installments as the Beneficiary elects.

(i) If the Designated Beneficiary of a deceased Participant who had not received any distribution of benefits from the Plan at the time of his death is his surviving spouse, and his surviving spouse dies before payment of benefits from the Plan commences, then the rule stated in Paragraph (h) shall apply as though the surviving spouse were the Participant.

Life expectancy and joint and last survivor expectancy shall be computed by use of the expected return multiples in Tables V and VI of Income Tax Regulations Section 1.72-9. The life expectancy or expectancies of a Participant and his spouse shall be redetermined every year, unless the Participant has elected in writing on or before his required beginning date specified in Section 11.3 that one or both of such expectancies not be recalculated. The life expectancy of a Designated Beneficiary who is not the Participant's spouse shall not be recalculated.

For purposes of this Section 8.2, distribution of a Participant's benefit is considered to begin on the Participant's required beginning date (or, if applicable, the date distribution is required to begin to the surviving spouse pursuant to Paragraph (e)). Any amount paid to a child of the Participant will be treated as if it had been paid to the surviving spouse if the amount becomes payable to the surviving spouse when the child reaches the age of majority.

8.3 DEFERRED DISTRIBUTION; ALTERNATIVE METHODS OF DISTRIBUTION

Notwithstanding Section 8.1, a Participant (which term shall, for purposes of this Section 8.3, include a Former Participant) may elect to postpone the commencement of benefit distributions until any date which meets the requirements stated in this Section 8.3. (The failure of a Participant to make a written request for distribution of his benefit (with the written consent of his spouse, if he is married) shall be deemed to be an election to postpone benefit distributions under this Section 8.3). Distributions must in all events satisfy the minimum distribution requirements in Section 401(a)(9) of the Code and any proposed, temporary or final regulation promulgated thereunder.

The entire interest of a Participant or Former Participant, must be distributed, or begin to be distributed, no later than the Participant's required beginning date, determined as follows:

(a) GENERAL RULE. The required beginning date of a Participant is the first day of April of the calendar year following the

later of the calendar year in which the Participant attains age seventy and one-half or the calendar year in which the Participant's Retirement occurs.

(b) FORMER PARTICIPANTS AND FIVE PERCENT OWNERS. The required beginning date of a Former Participant, or a Participant who is a five percent owner (all such categories of persons being referred to in this Section 8.3(b) as "Participants") is the first day of April following the calendar year in which the Participant attains age seventy and one-half.

(c) RULES FOR FIVE PERCENT OWNERS. A Participant is treated as a five percent owner for purposes of this Section 8.3 if he is a "5-percent owner" as defined in Section 416(i) of the Code at any time during the Plan Year ending with or within the calendar year in which he attains age sixty-six and one-half, or any subsequent Plan Year. Once distributions have begun to a five percent owner under this Section 8.3, they must continue, even if the Participant thereafter ceases to be a five percent owner.

Commencing with the calendar year immediately preceding a Participant's or Former Participant's required beginning date, the minimum amount required to be distributed with respect to each calendar year is the Participant's or Former Participant's applicable Account balance divided by the life expectancy or joint life and last survivor expectancy that measures the period certain of the distribution. The applicable Account balance is the credit balance of the Participant's or Former Participant's Account as of the last day of the calendar year immediately preceding the calendar year for which the minimum distribution amount is determined; provided, however, that any distribution made on or before the Participant's or Former Participant's required beginning date, with respect to the first calendar year in which minimum distributions are required, shall be treated for this purpose as if it had been made in the calendar year immediately preceding the Participant's or Former Participant's required beginning date. A Participant's or Former Participant's first minimum required distribution must be made on or before the Participant's or Former Participant's required beginning date. The minimum required distribution for each subsequent calendar year, including the minimum distribution for the calendar year in which the Participant's or Former Participant's required beginning date occurs, must be made on or before December 31 of the calendar year with respect to which it is made. Notwithstanding the foregoing provisions of this paragraph, if the Participant's or Former Participant's interest is to be paid in the form of an annuity, payments under the annuity shall satisfy the requirements of Section 401(a)(9) of the Code and Income Tax Regulations Sections 1.401(a)(9)-1 and 1.401(a)(9)-2 and any additional benefits accruing to the Participant after his required beginning date shall be distributed as a separate and identifiable component of the annuity, beginning with the first payment interval ending in the calendar year immediately following the calendar year in which the additional benefits accrue.

For purposes of this Section 8.3, life expectancy and joint and last survivor expectancy shall be computed by use of the expected return multiples in Tables V and VI of Income Tax Regulations Section 1.72-9. The life expectancy or expectancies of a Participant or Former Participant and his spouse shall be

redetermined every year, unless the Participant or Former Participant explicitly elects otherwise in writing not later than his required beginning date.

Distributions made to satisfy the requirements of this Section 8.3 shall be made from all Accounts on a pro-rata basis.

8.4 DISTRIBUTIONS TO MARRIED PARTICIPANTS

Notwithstanding the foregoing provisions of this Article 8, unless a married Participant elects otherwise in accordance with this Section 8.4, distribution of his Account commencing during his lifetime shall be made in the form of a fifty percent Qualified Joint and Survivor Annuity for him and his spouse, and distribution of his Account commencing after his death shall be made in the form of a Survivor Annuity for his spouse.

A married Participant may elect, within the periods hereinafter described, not to have distribution of his Account made as described in the preceding paragraph. The election period with respect to the Qualified Joint and Survivor Annuity shall be the ninety days ending on the Annuity Starting Date, and the election period with respect to the Survivor Annuity shall be the period commencing on the first day of his participation in the Plan and ending at his death; provided, however, that when a Participant's employment with the Affiliated Companies terminates, the election period for the Qualified Joint and Survivor Annuity shall commence on the date of such termination. The election shall be made in writing in a form acceptable to the Administrator and shall not take effect unless either (a) the Participant's spouse consents in writing to the election, and the spouse's consent acknowledges the effect of the election and is witnessed by a notary public or a representative of the Plan, or (b) it is established to the satisfaction of the Administrator that the Participant has no spouse, or that the spouse's consent cannot be obtained because the spouse cannot be located, or because of such other circumstances as may be prescribed in regulations pursuant to Section 417 of the Code. An election shall not be effective unless it designates (i) a specific Beneficiary, including any class of beneficiaries or any contingent beneficiaries, which may not be changed without spousal consent (unless the spouse's consent expressly permits designations by the Participant without any further spousal consent), and (ii) a form of benefit payment which may not be changed without spousal consent (unless the spouse's consent expressly permits designations by the Participant without any further spousal consent). Any election may be revoked at any time during the period in which such an election may be made; such revocation shall be made in writing by the Participant or Former Participant in a form acceptable to the Administrator. No election or revocation shall be effective until its delivery to the Administrator.

The Administrator shall furnish to each Participant or Former Participant, within a reasonable time before the commencement of the applicable election periods described in the preceding paragraph (or, if later, the date on which this Section 8.4 becomes applicable to him), a written explanation of: the terms and conditions of the Qualified Joint and Survivor Annuity and the Survivor Annuity; the Participant's right to make, and the effect of, an election to waive either or both of the Qualified Joint and Survivor Annuity and the Survivor Annuity, and to revoke such an election; and the right of the

Participant's spouse to prevent such an election by withholding the necessary consent.

Notwithstanding the foregoing, in the case of a married Participant whose Account balance at the time of distribution is not more than $5,000 for distributions occurring after December 31, 1997, or any case in which the Participant (if living) and his spouse, if any, consent thereto in writing, distribution shall be made in a lump sum in accordance with Section 8.2.

8.5 TRANSITIONAL RULE

Notwithstanding the other requirements of this Article 8, if a written designation of a method of distribution of his benefits, whether relating to benefits under Article 8 or Article 9, was executed by a Participant or Former Participant prior to January 1, 1984 and such designated method of distribution was permissible under the provisions of the Code in effect prior to January 1, 1984, such Participant's benefits shall be distributed in the manner and to the person or persons so specified, provided that the Participant may cause any payment or payments under such method to be accelerated and distributed.

8.6 NOTICE OF DEATH, RETIREMENT OR TERMIATION OF SERVICES

As soon as possible after the death, Retirement or other termination of service of a Participant or Former Participant, the Administrator shall deliver to the Trustee a notice specifying the name and address of the Participant or Former Participant (including, if applicable, any designated or contingent Beneficiary) who is entitled to receive benefits under the Plan, the manner in which such benefits are to be received and the medium of payment.

8.7 PAYMENT IN A LUMP SUM

If a Participant, Former Participant or Beneficiary elects to receive benefits in the form of a lump sum distribution, the Administrator shall notify the Trustee to make such distribution in accordance with the Administrator's notice.

8.8 PAYMENT IN INSTALLMENTS

If a part or all of the benefits of a Participant, Former Participant or Beneficiary are to be deferred and distributed in installments over a period certain, the Administrator shall direct the Trustee to make annual (or more frequent) distributions in accordance with the Administrator's notice.

8.9 DISTRIBUTION OF ANNUITY CONTRACTS

If a part or all of the benefits of a Participant, Former Participant or Beneficiary are to be distributed in the form of an annuity contract, the Administrator shall notify the Trustee to purchase from an insurance company and distribute an annuity contract containing such terms and conditions as the Administrator shall specify in its notice.

8.10 DISTRIBUTION TO QUALIFIED RETIREMENT PLAN

Any other provision hereof to the contrary notwithstanding, the Administrator may, but shall not be required to, direct that any portion or all of the Account otherwise distributable to such Participant be transferred directly to the trustee or other fiduciary of a Tax-Qualified Retirement Plan of a successor employer of the Participant. If a distribution shall be made in accordance with this Section 8.10, the Administrator shall notify the Trustee to make such distribution in accordance with the Administrator's notice.

8.11 CESSATION OF INTEREST

Upon the delivery to a Participant, Former Participant or Beneficiary of a lump sum distribution or an annuity contract or the sum of all installments or the transfer of his entire Account to the trustee or other fiduciary of a Tax-Qualified Retirement Plan, as directed by the Administrator in its notice, the interest of such Participant, Former Participant or Beneficiary in the Plan and Trust shall thereupon cease.

8.12 MISSING PERSONS

If a person entitled to benefits under the Plan cannot be located after diligent search by the Administrator or the Trustee and the whereabouts of such person continues to be unknown for a period of three years, the Administrator or Trustee may determine that such person has died whereupon such benefits shall be distributed to the Beneficiary or Beneficiaries determined in accordance with Article 7 or if no such Beneficiary or Beneficiaries can be determined or located after reasonable efforts, the Administrator may determine that such benefits are forfeited and the amount thereof shall be allocated as provided in Section 4.1; provided, however, that such benefits shall be restored to the Former Participant or Beneficiary upon the filing of a claim within the time prescribed by applicable law or regulations.

8.13 MAILING OF BENEFITS

Whenever the Trustee is directed to make payment or delivery of benefits in accordance with a notice of the Administrator, mailing a check in the required amount to the person or persons entitled thereto at the address designated in such notice shall be adequate delivery by the Trustee for all purposes.

8.14 MINORS AND INCOMPETENTS

In the event that any benefit hereunder becomes payable to a minor or to a person under legal disability or to a person not judicially declared incompetent but who, by reason of illness or mental or physical disability, is, in the opinion of the Administrator, unable properly to administer such benefit, then the same shall be paid out in such of the following ways as the Administrator deems best, and the Trustee, the Administrator and the Firm shall not incur any liability therefore: (a) directly to such person; (b) to the legally appointed guardian or conservator of such person; or (c) to some relative or friend for the care and support of such person.

8.15 HOW PLAN BENEFIT WILL BE DISTRIBUTED

(a) Distribution of a Participant's benefit may be made in cash or Company Stock or both, provided, however, that if a Participant or Beneficiary so demands, such benefit (other than Company Stock reinvested pursuant to Section 4.12(c)) shall be distributed only in the form of Company Stock. Prior to making a distribution of benefits, the Administrator shall advise the Participant or his Beneficiary, in writing, of the right to demand that benefits be distributed solely in Company Stock.

(b) If a Participant or Beneficiary demands that benefits be distributed solely in Company Stock, distribution of a Participant's benefit will be made entirely in whole shares or other units of Company Stock. Any balance in a Participant's Other Investments Account will be applied to acquire for distribution the maximum number of whole shares or other units of Company Stock at the then fair market value. Any fractional unit value unexpended will be distributed in cash. If Company Stock is not available for purchase by the Trustee, then the Trustee shall hold such balance until Company Stock is acquired and then make such distribution, subject to Sections 8.1 and 8.3.

(c) The Trustee will make distribution from the Trust only on instructions from the Administrator.

(d) Notwithstanding anything contained herein to the contrary, if the Employer charter or by-laws restrict ownership of substantially all shares of Company Stock to Employees and the Trust Fund, as described in Code Section 409(h)(2), the Administrator shall distribute a Participant's Combined Account entirely in cash without granting the Participant the right to demand distribution in shares of Company Stock.

(e) Except as otherwise provided herein, Company Stock distributed by the Trustee may be restricted as to sale or transfer by the by-laws or articles of incorporation of the Employer, provided restrictions are applicable to all Company Stock of the same class. If a Participant is required to offer the sale of his Company Stock to the Employer before offering to sell his Company Stock to a third party, in no event may the Employer pay a price less than that offered to the distributee by another potential buyer making a bona fide offer and in no event shall the Trustee pay a price less than the fair market value of the Company Stock.

8.16 RIGHT OF FIRST REFUSALS

(a) If any Participant, his Beneficiary or any other person to whom shares of Company Stock are distributed from the Plan (the "Selling Participant") shall, at any time, desire to sell some or all of such shares (the "Offered Shares") to a third party (the "Third Party"), the Selling Participant shall give written notice of such desire to the Employer and the Administrator, which notice shall contain the number of shares offered for sale, the proposed terms of the sale and the names and addresses of both the Selling Participant and Third Party. Both the Trust Fund and the Employer shall each have the right of first refusal for a period of fourteen days from the date the Selling Participant gives such written notice to the Employer and the Administrator (such fourteen day period to run concurrently against the Trust Fund and the Employer) to acquire the Offered Shares. As between the Trust Fund and the Employer, the Trust Fund shall have priority to acquire the shares pursuant to the right of first refusal. The selling price and terms shall be the same as offered by the Third Party.

(b) If the Trust Fund and the Employer do not exercise their right of first refusal within the required fourteen day period provided above, the Selling Participant shall have the right, at any time following the expiration of such fourteen day period, to dispose of the Offered Shares to the Third Party; provided, however, that (i) no disposition shall be made to the Third Party on terms more favorable to the Third Party than those set forth in the written notice delivered by the Selling Participant above, and (ii) if such disposition shall not be made to a third party on the terms offered to the Employer and the Trust Fund, the offered Shares shall again be subject to the right of first refusal set forth above.

(c) The closing pursuant to the exercise of the right of first refusal under Section 8.16(a) above shall take place at such place agreed upon between the Administrator and the Selling Participant, but not later than ten days after the Employer or the Trust Fund shall have notified the Selling Participant of the exercise of the right of first refusal. At such closing, the Selling Participant shall deliver certificates representing the Offered Shares duly endorsed in blank for transfer, or with stock powers attached duly executed in blank with all required transfer tax stamps attached or provided for, and the Employer or the Trust Fund shall deliver the purchase price, or an appropriate portion thereof, to the Selling Participant.

8.17 STOCK CERTIFICATE LEGEND

Certificates for shares distributed pursuant to the Plan shall contain the following legend:

"The shares represented by this certificate are transferable only upon compliance with the terms of NBT Bancorp, Inc. 401(k) and Employee Stock Ownership Plan effective as of January 1, 2001, which grants to NBT Bancorp, Inc. and the trust for the Plan a right of first refusal, a copy of said Plan being on file in the office of NBT Bancorp, Inc."

8.18 PUT OPTION

(a) If Company Stock is distributed to a Participant and such Company Stock is not readily tradeable on an established securities market, a Participant has a right to require the Employer to repurchase the Company Stock distributed to such Participant under a fair valuation formula. Such Stock shall be subject to the provisions of Section 8.18(b).

(b) The put option must be exercisable only by a Participant, by the Participant's donees, or by a person (including an estate or its distributee) to whom the Company Stock passes by reason of a Participant's death. (Under this paragraph Participant or Former Participant means a Participant or Former Participant and the beneficiaries of the Participant or Former Participant under the Plan.) The put option must permit a Participant to put the Company Stock to the Employer. Under no circumstances may the put option bind the Plan. However, it shall grant the Plan an option to assume the rights and obligations of the Employer at the time that the put option is exercised. If it is known at the time a loan is made that Federal or State law will be violated by the Employer honoring such put option, the put option must permit the Company Stock to be put, in a manner consistent with such law, to a third party (e.g., an affiliate of the Employer or a shareholder other than the Plan) that has substantial net worth at the time the loan is made and whose net worth is reasonably expected to remain substantial.

The put option shall commence as of the day following the date the Company Stock is distributed to the Former Participant and end 60 days thereafter and if not exercised within such 60-day period, an additional 60-day option shall commence on the first day of the fifth month of the Plan Year next following the date the stock was distributed to the Former Participant (or such other 60-day period as provided in Regulations). However, in the case of Company Stock that is publicly traded without restrictions when distributed but ceases to be so traded within either of the 60-day periods described herein after distribution, the Employer must notify each holder of such Company Stock in writing on or before the tenth day after the date the Company Stock ceases to be so traded that for the remainder of the applicable 60-day period the Company Stock is subject to the put option. The number of days between the tenth day and the date on which notice is actually given, if later than the tenth day, must be added to the duration of the put option. The notice must inform distributes of the term of the put options that they are to hold. The terms must satisfy the requirements of this paragraph.

The put option is exercised by the holder notifying the Employer in writing that the put option is being exercised; the notice shall state the name and address of the holder and the number of shares to be sold. The period during which a put option is exercisable does not include any time when a distributee is unable to exercise it because the party bound by the put option is prohibited from honoring it by applicable Federal or State law. The price at which a put option must be exercisable is the value of the Company Stock determined in accordance with Section 6.2. Payment under the put option involving a "Total Distribution" shall be paid in substantially equal monthly, quarterly, semiannual or annual installments over a period certain beginning not later than thirty days after the exercise of the put option and not extending beyond years. The deferral of payment is reasonable if adequate security and a reasonable interest rate on the unpaid amounts are provided. The amount to be paid under the put option involving installment distributions must be paid not later than thirty days after the exercise of the put option. Payment under a put option must not be restricted by the provisions of a loan or any other arrangement, including the terms of the Employer articles of incorporation, unless so required by applicable state law.

For purposes of this Section, "Total Distribution" means a distribution to a Participant or his Beneficiary within one taxable year of the entire Vested Participant's Combined Account.

(a) An arrangement involving the Plan that creates a put option must not provide for the issuance of put options other than as provided under this Section. The Plan (and the Trust Fund) must not otherwise obligate itself to acquire Company Stock from a particular holder thereof at an indefinite time determined upon the happening of an event such as the death of the holder.

8.19 QUALIFIED DOMESTIC RELATIONS ORDER DISTRIBUTION

All rights and benefits, including elections, provided to a Participant in this Plan shall be subject to the rights afforded to any alternate payee under a "Qualified Domestic Relations Order." Furthermore, a distribution to an alternate payee shall be permitted if such distribution is authorized by a QDRO, notwithstanding that the QDRO provides for payments to an alternate payee before the Participant reaches the "earliest retirement age" within the meaning of Section 414(p)(4)(B) of the Code, and before any distribution other than a hardship distribution may be made to the Participant pursuant to the Plan.

ARTICLE 9

WITHDRAWALS AND TRANSFERS FROM ACCOUNTS

9.1 ADVANCE DISTRIBUTION FOR HARDSHIP

(a) The Administrator, at the election of the Participant, shall direct the Trustee to distribute to any Participant from the Participant's Account in an amount not in excess of the amount required to meet the immediate financial need created by the hardship. The Participant's Account shall be reduced by the amount of such hardship distribution accordingly. A distribution will be considered to be made on account of an immediate and heavy financial need for purposes of this Section 9.1 if it is made on account of:

(1) Expenses for medical care described in Code Section 213(d) previously incurred by the Participant, his spouse, or any of his dependents (as defined in Code Section 152) or necessary for these persons to obtain medical care;

(2) The costs directly related to the purchase of a dwelling unit to be used as a principal residence for the Participant (excluding mortgage payments);

(3) Payment of tuition, related educational fees, and room and board expenses for the next twelve months of post-secondary education for the Participant, his spouse, children, or dependents; or

(4) Payments necessary to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence.

(b) No distribution shall be made pursuant to this Section unless the Administrator, based upon the Participant's representation and such other facts as are known to the Administrator, determines that all of the following conditions are satisfied:

(1) The distribution is not in excess of the amount of the immediate and heavy financial need of the Participant. The amount of the immediate and heavy financial need may include any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution;

(2) The Plan, and all other plans maintained by the Participating Employer, provide that the Participant's elective deferrals and voluntary Employee contributions will be suspended for at least twelve months after receipt of the hardship distribution or, the Participant, pursuant to a legally enforceable agreement, will suspend his

elective deferrals and voluntary Employee contributions to the Plan and all other plans maintained by the Participating Employer for at least twelve months after receipt of the hardship distribution; and

(3) The Plan, and all other plans maintained by the Participating Employer, provide that the Participant may not make elective deferrals for the Participant's taxable year immediately following the taxable year of the hardship distribution in excess of the applicable limit under Code Section 402(g) for such next taxable year less the amount of such Participant's elective deferrals for the taxable year of the hardship distribution.

(c) Notwithstanding the above, distributions from the Participant's Elective Account pursuant to this Section shall be limited, as of the date of distribution, to the Participant's Elective Account as of the end of the last Plan Year ending before July 1, 1989, plus the total Participant's Deferred Compensation after such date, reduced by the amount of any previous distributions pursuant to this Section.

(d) Any distribution made pursuant to this Section shall be made in a manner which is consistent with and satisfies the provisions of Article 8, including, but not limited to, all notice and consent requirements of Code Section 411(a)(11) and the Regulations thereunder.

9.2 WITHDRAWALS FROM ROLLOVER CONTRIBUTION ACCOUNT

The Administrator, at the election of the Participant, shall direct the Trustee to distribute all or a portion of the amount credited to the Participant's Rollover Account. Any distributions of amounts held in a Participant's Rollover Account shall be made in a manner which is consistent with and satisfies the provisions of Article 8, including, but not limited to, all notice and consent requirements of Code Section 411(a)(11) and the Regulations thereunder. Furthermore, such amounts shall be considered as part of a Participant's benefit in determining whether an involuntary cash-out of benefits without Participant consent may be made.

9.3 WITHDRAWALS FROM EMPLOYER CONTRIBUTION ACCOUNTS AFTER AGE FIFTY-NINE AND ONE-HALF

Notwithstanding Section 8.1, but subject to reasonable and nondiscriminatory rules as the Administrator may establish from time to time to facilitate administration of the Plan, a Participant or Former Participant who has attained age fifty-nine and one-half may, by giving notice to the Administrator of his intention to withdraw, at any time and from time to time, withdraw from his Elective Contribution Account and Non-Elective Contribution Account an amount not in excess of the Vested balance of such accounts as of the Valuation Date preceding such withdrawal (adjusted as necessary to reflect contributions allocated and distributions made since the Valuation Date). The Administrator shall direct the Trustee to make the distribution requested by the Participant or Former Participant as promptly as practicable.

ARTICLE X
TRUSTEE

10.1 BASIC RESPONSIBILITIES OF THE TRUSTEE

(a) The Trustee shall have the following categories of responsibilities:

(1) Consistent with the "funding policy and method" determined by the Participating Employer, to invest, manage, and control the Plan assets subject, however, to the direction of a Participant with respect to his Participant Directed Accounts, the Participating Employer or an Investment Manager appointed by the Participating Employer or any agent of the Participating Employer;

(2) At the direction of the Administrator, to pay benefits required under the Plan to be paid to Participants, or, in the event of their death, to their Beneficiaries; and

(3) To maintain records of receipts and disbursements and furnish to the Participating Employer and/or Administrator for each Plan Year a written annual report per Section 8.8.

(b) In the event that the Trustee shall be directed by a Participant (pursuant to the Participant Direction Procedures), or the Participating Employer, or an Investment Manager or other agent appointed by the Participating Employer with respect to the investment of any or all Plan assets, the Trustee shall have no liability with respect to the investment of such assets, but shall be responsible only to execute such investment instructions as so directed.

(1) The Trustee shall be entitled to rely fully on the written instructions of a Participant (pursuant to the Participant Direction Procedures), or the Participating Employer, or any Fiduciary or nonfiduciary agent of the Participating Employer, in the discharge of such duties, and shall not be liable for any loss or other liability, resulting from such direction (or lack of direction) of the investment of any part of the Plan assets.

(2) The Trustee may delegate the duty to execute such instructions to any nonfiduciary agent, which may be an affiliate of the Trustee or any Plan representative.

(3) The Trustee may refuse to comply with any direction from the Participant in the event the Trustee, in its sole and absolute discretion, deems such directions improper by virtue of applicable law. The Trustee shall not be responsible or liable for

any loss or expense which may result from the Trustee's refusal or failure to comply with any directions from the Participant.

(4) Any costs and expenses related to compliance with the Participant's directions shall be borne by the Participant's Directed Account, unless paid by the Participating Employer.

(c) If there shall be more than one Trustee, they shall act by a majority of their number, but may authorize one or more of them to sign papers on their behalf.

10.2 INVESTMENT POWERS AND DUTIES OF THE TRUSTEE

(a) The Trustee shall invest and reinvest the Trust Fund to keep the Trust Fund invested without distinction between principal and income and in such securities or property, real or personal, wherever situated, as the Trustee shall deem advisable, including, but not limited to, stocks, common or preferred, bonds and other evidences of indebtedness or ownership, and real estate or any interest therein. The Trustee shall at all times in making investments of the Trust Fund consider, among other factors, the short and long-term financial needs of the Plan on the basis of information furnished by the Employer. In making such investments, the Trustee shall not be restricted to securities or other property of the character expressly authorized by the applicable law for trust investments; however, the Trustee shall give due regard to any limitations imposed by the Code or the Act so that at all times the Plan may qualify as an Employee Stock Ownership Plan and Trust.

(b) The Trustee may employ a bank or trust company pursuant to the terms of its usual and customary bank agency agreement, under which the duties of such bank or trust company shall be of a custodial, clerical and record-keeping nature.

(c) The Trustee may from time to time transfer to a common, collective, pooled trust fund or money market fund maintained by any corporate Trustee or affiliate thereof hereunder, all or such part of the Trust Fund as the Trustee may deem advisable, and such part or all of the Trust Fund so transferred shall be subject to all the terms and provisions of the common, collective, pooled trust fund or money market fund which contemplate the commingling for investment purposes of such trust assets with trust assets of other trusts. The Trustee may, from time to time, withdraw from such common, collective, pooled trust fund or money market fund all or such part of the Trust Fund as the Trustee may deem advisable.

(d) In the event the Trustee invests any part of the Trust Fund, pursuant to the directions of the Administrator, in any shares of stock issued by the Employer, and the Administrator thereafter directs the Trustee to dispose of such investment,

or any part thereof, under circumstances which, in the opinion of counsel for the Trustee, require registration of the securities under the Securities Act of 1933 and/or qualification of the securities under the Blue Sky laws of any state or states, then the Employer at its own expense, will take or cause to be taken any and all such action as may be necessary or appropriate to effect such registration and/or qualification.

10.3 OTHER POWERS OF THE TRUSTEE

The Trustee, in addition to all powers and authorities under common law, statutory authority, including the Act, and other provisions of the Plan, shall have the following powers and authorities, to be exercised in the Trustee's sole discretion:

(a) To purchase, or subscribe for, any securities or other property and to retain the same. In conjunction with the purchase of securities, margin accounts may be opened and maintained;

(b) To sell, exchange, convey, transfer, grant options to purchase, or otherwise dispose of any securities or other property held by the Trustee, by private contract or at public auction. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity, expediency, or propriety of any such sale or other disposition, with or without advertisement;

(c) To vote upon any stocks, bonds, or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights or other options, and to make any payments incidental thereto; to oppose, or to consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporate securities, and to delegate discretionary powers, and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities, or other property. However, the Trustee shall not vote proxies relating to securities for which it has not been assigned full investment management responsibilities. In those cases where another party has such investment authority or discretion, the Trustee will deliver all proxies to said party who will then have full responsibility for voting those proxies;

(d) To cause any securities or other property to be registered in the Trustee's own name or in the name of one or more of the Trustee's nominees, and to hold any investments in bearer form, but the books and records of the Trustee shall at all times show that all such investments are part of the Trust Fund;

(e) To borrow or raise money for the purposes of the Plan in such amount, and upon such terms and conditions, as the Trustee shall deem advisable; and for any sum so borrowed, to issue a promissory note as Trustee, and to secure the repayment

thereof by pledging all, or any part, of the Trust Fund; and no person lending money to the Trustee shall be bound to see to the application of the money lent or to inquire into the validity, expediency, or propriety of any borrowing;

(f) To keep such portion of the Trust Fund in cash or cash balances as the Trustee may, from time to time, deem to be in the best interests of the Plan, without liability for interest thereon;

(g) To accept and retain for such time as the Trustee may deem advisable any securities or other property received or acquired as Trustee hereunder, whether or not such securities or other property would normally be purchased as investments hereunder;

(h) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(i) To settle, compromise, or submit to arbitration any claims, debts, or damages due or owing to or from the Plan, to commence or defend suits or legal or administrative proceedings, and to represent the Plan in all suits and legal and administrative proceedings;

(j) To employ suitable agents and counsel and to pay their reasonable expenses and compensation, and such agent or counsel may or may not be agent or counsel for the Participating Employer;

(k) To invest funds of the Trust in time deposits or savings accounts bearing a reasonable rate of interest;

(l) To invest in Treasury Bills and other forms of United States government obligations;

(m) To invest in shares of investment companies registered under the Investment Company Act of 1940;

(n) To deposit monies in federally insured savings accounts or certificates of deposit in banks or savings and loan associations;

(o) To vote Company Stock as provided in Section 8.5;

(p) To consent to or otherwise participate in reorganizations, recapitalizations, consolidations, mergers and similar transactions with respect to Company Stock or any other securities and to pay any assessments or charges in connection therewith;

(q) To deposit such Company Stock (but only if such deposit does not violate the provisions of Section 8.5 hereof) or other securities in any voting trust, or with any protective or like committee, or with a trustee or with depositories designated thereby;

(r) To sell or exercise any options, subscription rights and conversion privileges and to make any payments incidental thereto;

(s) To exercise any of the powers of an owner, with respect to such Company Stock and other securities or other property comprising the Trust Fund. The Administrator, with the Trustee's approval, may authorize the Trustee to act on any administrative matter or class of matters with respect to which direction or instruction to the Trustee by the Administrator is called for hereunder without specific direction or other instruction from the Administrator;

(t) To sell, purchase and acquire put or call options if the options are traded on and purchased through a national securities exchange registered under the Securities Exchange Act of 1934, as amended, or, if the options are not traded on a national securities exchange, are guaranteed by a member firm of the New York Stock Exchange;

(u) To appoint a nonfiduciary agent or agents to assist the Trustee in carrying out any investment instructions of Participants and of any Investment Manager or Fiduciary, and to compensate such agent(s) from the assets of the Plan, to the extent not paid by the Participating Employer;

(v) To do all such acts and exercise all such rights and privileges, although not specifically mentioned herein, as the Trustee may deem necessary to carry out the purposes of the Plan.

10.4 LOANS TO PARTICIPANTS

(a) The Trustee may, in the Trustee's discretion, make loans to Participants and Beneficiaries under the following circumstances: (1) loans shall be made available to all Participants and Beneficiaries on a reasonably equivalent basis; (2) loans shall not be made available to Highly Compensated Employees in an amount greater than the amount made available to other Participants and Beneficiaries; (3) loans shall bear a reasonable rate of interest; (4) loans shall be adequately secured; and (5) loans shall provide for repayment over a reasonable period of time.

(b) Loans made pursuant to this Section (when added to the outstanding balance of all other loans made by the Plan to the Participant) shall be limited to the lesser of:

(1) $50,000 reduced by the excess (if any) of the highest outstanding balance of loans from the Plan to the Participant during the one year period ending on the day before the date on which such loan is made, over the outstanding balance of loans from the Plan to the Participant on the date on which such loan was made, or

(2) one-half (1/2) of the present value of the non-forfeitable accrued benefit of the Participant under the Plan (excluding the Participant's Company Stock Account).

For purposes of this limit, all plans of the Employer shall be considered one plan.

(c) Loans shall provide for level amortization with payments to be made not less frequently than quarterly over a period not to exceed five years. However, loans used to acquire any dwelling unit which, within a reasonable time, is to be used (determined at the time the loan is made) as a principal residence of the Participant shall provide for periodic repayment over a reasonable period of time that may exceed five years. For this purpose, a principal residence has the same meaning as a principal residence under Code Section 1034.

(d) Any loans granted or renewed on or after the last day of the first Plan Year beginning after December 31, 1988 shall be made pursuant to a Participant loan program. Such loan program shall be established in writing and must include, but need not be limited to, the following:

(1) the identity of the person or positions authorized to administer the Participant loan program;

(2) a procedure for applying for loans;

(3) the basis on which loans will be approved or denied;

(4) limitations, if any, on the types and amounts of loans offered;

(5) the procedure under the program for determining a reasonable rate of interest;

(6) the types of collateral which may secure a Participant loan; and

(7) the events constituting default and the steps that will be taken to preserve Plan assets.

Such Participant loan program shall be contained in a separate written document which, when properly executed, is hereby incorporated by reference and made a part of the Plan. Furthermore, such Participant loan program may be modified or amended in writing from time to time without the necessity of amending this Section.

10.5 VOTING COMPANY STOCK

The Trustee, as directed by the Administrator, shall vote all Company Stock held by it as part of the Plan assets. Provided, however, that if any agreement entered into by the Trust provides for voting of any shares of Company Stock pledged as security for any obligation of the Plan, then such shares of Company Stock shall be voted in accordance with such agreement. If the Trustee does not timely receive voting directions from a Participant or Beneficiary with respect to any Company Stock allocated to that Participant's or Beneficiary's Company Stock Account, the Trustee shall vote such Company Stock, as directed by the Administrator.

Notwithstanding the foregoing, if the Employer has a registration-type class of securities, each Participant or Beneficiary shall be entitled to direct the Trustee as to the manner in which the Company Stock which is entitled to vote and which is allocated to the Company Stock Account of such Participant or Beneficiary is to be voted. If the Employer does not have a registration-type class of securities, each Participant or Beneficiary in the Plan shall be entitled to direct the Trustee as to the manner in which voting rights on shares of Company Stock which are allocated to the Company Stock Account of such Participant or Beneficiary are to be exercised with respect to any corporate matter which involves the voting of such shares with respect to the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all assets of a trade or business, or such similar transaction as prescribed in Regulations. For purposes of this Section the term "registration-type class of securities" means: (A) a class of securities required to be registered under Section 12 of the Securities Exchange Act of 1934; and (B) a class of securities which would be required to be so registered except for the exemption from registration provided in subsection (g)(2)(H) of such Section 12.

If the Employer does not have a registration-type class of securities and the by-laws of the Employer require the Plan to vote an issue in a manner that reflects a one-man, one-vote philosophy, each Participant or Beneficiary shall be entitled to cast one vote on an issue and the Trustee shall vote the shares held by the Plan in proportion to the results of the votes cast on the issue by the Participants and Beneficiaries.

10.6 DUTIES OF THE TRUSTEE REGARDING PAYMENTS

(a) The Trustee shall make distributions from the Trust Fund at such times and in such numbers of shares or other units of Company Stock and amounts of cash to or for the benefit of the person entitled thereto under the Plan as the Administrator directs in writing. Any undistributed part of a Participant's interest in his accounts shall be retained in the Trust Fund until the Administrator directs its distribution. Where distribution is directed in Company Stock, the Trustee shall cause an appropriate certificate to be issued to the person entitled thereto and mailed to the address furnished it by the Administrator. Any portion of a Participant's Combined Account to be distributed in cash shall be paid by the Trustee mailing its check to the same person at the same address. If a dispute arises as to who is entitled to or should receive any benefit or payment, the Trustee may withhold or cause to be withheld such payment until the dispute has been resolved.

(b) As directed by the Administrator, the Trustee shall make payments out of the Trust Fund. Such directions or instructions need not specify the purpose of the payments so directed and the Trustee shall not be responsible in any way respecting the purpose or propriety of such payments except as mandated by the Act.

(c) In the event that any distribution or payment directed by the Administrator shall be mailed by the Trustee to the person specified in such direction at the latest address of such person filed with the Administrator, and shall be returned to the Trustee because such person cannot be located at such address, the Trustee shall promptly notify the Administrator of such return. Upon the expiration of sixty days after such notification, such direction shall become void and unless and until a further direction by the Administrator is received by the Trustee with respect to such distribution or payment, the Trustee shall thereafter continue to administer the Trust as if such direction had not been made by the Administrator. The Trustee shall not be obligated to search for or ascertain the whereabouts of any such person.

10.7 TRUSTEE'S COMPENSATION AND EXPENSES AND TAXES

The Trustee shall be paid such reasonable compensation as shall from time to time be agreed upon in writing by the Participating Employer and the Trustee. An individual serving as Trustee who already receives full-time pay from the Participating Employer shall not receive compensation from the Plan. In addition, the Trustee shall be reimbursed for any reasonable expenses, including reasonable counsel fees incurred by it as Trustee. Such compensation and expenses shall be paid from the Trust Fund unless paid or advanced by the Participating Employer. All taxes of any kind and all kinds whatsoever that may be levied or assessed under existing or future laws upon, or in respect of, the Trust Fund or the income thereof, shall be paid from the Trust Fund.

10.8 ANNUAL REPORT OF THE TRUSTEE

Within a reasonable period of time after the later of the Anniversary Date or receipt of the Participating Employer contribution for each Plan Year, the Trustee shall furnish to the Participating Employer and Administrator a written statement of account with respect to the Plan Year for which such contribution was made setting forth:

(a) the net income, or loss, of the Trust Fund;

(b) the gains, or losses, realized by the Trust Fund upon sales or other disposition of the assets;

(c) the increase, or decrease, in the value of the Trust Fund;

(d) all payments and distributions made from the Trust Fund; and

(e) such further information as the Trustee and/or Administrator deems appropriate. The Employer, forthwith upon its receipt of each such statement of account, shall acknowledge receipt thereof in writing and advise the Trustee and/or Administrator of its approval or disapproval thereof. Failure by the Employer to disapprove any such statement of account within thirty (30) days after its receipt thereof shall be deemed an approval thereof. The approval by the Employer of any statement of account shall be binding as to all matters embraced therein as between the Employer and the Trustee to the same extent as if the account of the Trustee had been settled by judgment or decree in an action for a judicial settlement of its account in a court of competent jurisdiction in which the Trustee, the Employer and all persons having or claiming an interest in the Plan were parties; provided, however, that nothing herein contained shall deprive the Trustee of its right to have its accounts judicially settled if the Trustee so desires.

10.9 AUDIT

(a) If an audit of the Plan's records shall be required by the Act and the regulations thereunder for any Plan Year, the Administrator shall direct the Trustee to engage on behalf of all Participants an independent qualified public accountant for that purpose. Such accountant shall, after an audit of the books and records of the Plan in accordance with generally accepted auditing standards, within a reasonable period after the close of the Plan Year, furnish to the Administrator and the Trustee a report of his audit setting forth his opinion as to whether any statements, schedules or lists that are required by Act Section 103 or the Secretary of Labor to be filed with the Plan's annual report, are presented fairly in conformity with generally accepted accounting principles applied consistently. All auditing and accounting fees shall be an expense of and may, at the election of the Administrator, be paid from the Trust Fund.

(b) If some or all of the information necessary to enable the Administrator to comply with Act Section 103 is maintained by a bank, insurance company, or similar institution, regulated and supervised and subject to periodic examination by a state or federal agency, it shall transmit and certify the accuracy of that information to the Administrator as provided in Act Section 103(b) within one hundred twenty days after the end of the Plan Year or by such other date as may be prescribed under regulations of the Secretary of Labor.

10.10 RESIGNATION, REMOVAL AND SUCCESSION OF TRUSTEE

(a) The Trustee may resign at any time by delivering to the Employer, at least thirty days before its effective date, a written notice of his resignation.

(b) The Employer may remove the Trustee by mailing by registered or certified mail, addressed to such Trustee at his last known address, at least thirty days before its effective date, a written notice of his removal.

(c) Upon the death, resignation, incapacity, or removal of any Trustee, a successor may be appointed by the Employer; and such successor, upon accepting such appointment in writing and delivering same to the Employer, shall, without further act, become vested with all the estate, rights, powers, discretions, and duties of his predecessor with like respect as if he were originally named as a Trustee herein. Until such a successor is appointed, the remaining Trustee or Trustees shall have full authority to act under the terms of the Plan.

(d) The Employer may designate one or more successors prior to the death, resignation, incapacity, or removal of a Trustee. In the event a successor is so designated by the Employer and accepts such designation, the successor shall, without further act, become vested with all the estate, rights, powers, discretions, and duties of his predecessor with the like effect as if he were originally named as Trustee herein immediately upon the death, resignation, incapacity, or removal of his predecessor.

(e) Whenever any Trustee hereunder ceases to serve as such, he shall furnish to the Employer and Administrator a written statement of account with respect to the portion of the Plan Year during which he served as Trustee. This statement shall be either (i) included as part of the annual statement of account for the Plan Year required under Section 10.8 or (ii) set forth in a special statement. Any such special statement of account should be rendered to the Employer no later than the due date of the annual statement of account for the Plan Year. The procedures set forth in Section 10.8 for the approval by the Employer of annual statements of account shall apply to any special statement of account rendered hereunder and approval by the Employer of any such special statement in the manner provided in Section 10.8 shall have the same effect upon the statement as the Employer's approval of an annual

statement of account. No successor to the Trustee shall have any duty or responsibility to investigate the acts or transactions of any predecessor who has rendered all statements of account required by Section 10.8 and this subparagraph.

10.11 TRANSFER OF INTEREST

Notwithstanding any other provision contained in this Plan, the Trustee at the direction of the Administrator shall transfer the Vested interest, if any, of such Participant in his account to another trust forming part of a pension, profit sharing or stock bonus plan maintained by such Participant's new employer and represented by said employer in writing as meeting the requirements of Code Section 401(a), provided that the trust to which such transfers are made permits the transfer to be made.

10.12 DIRECT ROLLOVER

(a) Notwithstanding any provision of the Plan to the contrary that would otherwise limit an Eligible Recipient's election under this Section, an Eligible Recipient may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an Eligible Distribution that is equal to at least $500 paid to an Eligible Plan specified by the Eligible Recipient.

(b) For purposes of this Section the following definitions shall apply:

(1) "Eligible Distribution" means any distribution from the Plan to an Eligible Recipient, to the extent that it is includible in the Eligible Recipient's gross income (or would be includible but for the exclusion of net unrealized appreciation in employer securities) and is not required under Section 401(a)(9) of the Code, unless the distribution is one of a series of substantially equal periodic payments made no less frequently than annually over a specified period of ten or more years, or the life or life expectancy of an Eligible Recipient or the joint lives or joint life expectancies of the Eligible Recipient and a designated beneficiary or, effective January 1, 2000, the distribution consists of Participating Employer Elective Contributions and is made pursuant to Section 9.1 of the Plan.

(2) "Eligible Plan" means any of the following that agrees to accept an Eligible Recipient's Eligible Distribution an individual retirement account described in Section 408(a) of the Code; an individual retirement annuity described in Section 408(b) of the Code; and for any Eligible recipient other than a Participant's surviving spouse, a qualified plan described in Section 401(a) of the Code or a qualified annuity described in Section 403(a) of the Code.

(3) "Eligible Recipient" means a Participant; Former Participant or an alternate payee under a Qualified Domestic Relations Order who is either the spouse or former spouse of a Participant or Former Participant.

ARTICLE XI
AMENDMENT, TERMINATION AND MERGERS

11.1 AMENDMENT

(a) The Employer shall have the right at any time to amend the Plan, subject to the limitations of this Section.

(b) No amendment to the Plan shall be effective if it authorizes or permits any part of the Trust Fund (other than such part as is required to pay taxes and administration expenses) to be used for or diverted to any purpose other than for the exclusive benefit of the Participants or their Beneficiaries or estates; or causes any reduction in the amount credited to the account of any Participant; or causes or permits any portion of the Trust Fund to revert to or become property of the Participating Employer.

(c) Except as permitted by Regulations, no Plan amendment or transaction having the effect of a Plan amendment (such as a merger, plan transfer or similar transaction) shall be effective to the extent it eliminates or reduces any "Section 411(d)(6) protected benefit" or adds or modifies conditions relating to "Section 411(d)(6) protected benefits" the result of which is a further restriction on such benefit unless such protected benefits are preserved with respect to benefits accrued as of the later of the adoption date or effective date of the amendment. "Section 411(d)(6) protected benefits" are benefits described in Code Section 411(d)(6)(A), early retirement benefits and retirement-type subsidies, and optional forms of benefit.

11.2 TERMINATION

(a) The Employer shall have the right at any time to terminate the Plan. Upon any full or partial termination, all amounts credited to the affected Participants' Combined Accounts shall become 100% Vested as provided in Section 7.4 and shall not thereafter be subject to forfeiture, and all unallocated amounts shall be allocated to the accounts of all Participants in accordance with the provisions hereof.

(b) Upon the full termination of the Plan, the Employer shall direct the distribution of the assets of the Trust Fund to Participants in a manner which is consistent with and satisfies the provisions of Article 8. Except as permitted by Regulations, the termination of the Plan shall not result in the reduction of "Section 411(d)(6) protected benefits" in accordance with Section 11.1(c).

(c) The Company shall notify the Trustee in writing if it shall permanently discontinue contributions hereunder. Notwithstanding any other provisions of the Plan, if the Plan is terminated or if the Company shall permanently discontinue

contributions hereunder (irrespective of whether the Trust shall be terminated), the interests of all Participants in the Plan and Trust shall become fully vested and nonforfeitable as of the date of such termination or such discontinuance. Upon the partial termination of the Plan with respect to a group of Participants, Former Participants or Beneficiaries, the interests of all such Participants, Former Participants or Beneficiaries in the Plan and Trust shall become fully vested and nonforfeitable as of the date of such partial termination.

11.3 MERGER OR CONSOLIDATION

This Plan and Trust may be merged or consolidated with, or its assets and/or liabilities may be transferred to any other plan and trust only if the benefits which would be received by a Participant of this Plan, in the event of a termination of the plan immediately after such transfer, merger or consolidation, are at least equal to the benefits the Participant would have received if the Plan had terminated immediately before the transfer, merger or consolidation, and such transfer, merger or consolidation does not otherwise result in the elimination or reduction of any "Section 411(d)(6) protected benefits" in accordance with Section 11.1(c).

ARTICLE XII
TOP HEAVY

12.1 TOP HEAVY PLAN REQUIREMENTS

For any Top Heavy Plan Year, the Plan shall provide the special vesting requirements of Code Section 416(b) pursuant to Section 7.4 of the Plan and the special minimum allocation requirements of Code Section 416(c) pursuant to Section 4.4 of the Plan.

12.2 DETERMINATION OF TOP HEAVY STATUS

(a) This Plan shall be a Top Heavy Plan for any Plan Year in which, as of the Determination Date, (1) the Present Value of Accrued Benefits of Key Employees and (2) the sum of the Aggregate Accounts of Key Employees under this Plan and all plans of an Aggregation Group, exceeds sixty percent of the Present Value of Accrued Benefits and the Aggregate Accounts of all Key and Non-Key Employees under this Plan and all plans of an Aggregation Group.

If any Participant is a Non-Key Employee for any Plan Year, but such Participant was a Key Employee for any prior Plan Year, such Participant's Present Value of Accrued Benefit and/or Aggregate Account balance shall not be taken into account for purposes of determining whether this Plan is a Top Heavy or Super Top Heavy Plan (or whether any Aggregation Group which includes this Plan is a Top Heavy Group). In addition, if a Participant or Former Participant has not performed any services for any Participating Employer maintaining the Plan at any time during the five year period ending on the Determination Date, any accrued benefit for such Participant or Former Participant shall not be taken into account for the purposes of determining whether this Plan is a Top Heavy or Super Top Heavy Plan.

(b) This Plan shall be a Super Top Heavy Plan for any Plan Year in which, as of the Determination Date, (1) the Present Value of Accrued Benefits of Key Employees and (2) the sum of the Aggregate Accounts of Key Employees under this Plan and all plans of an Aggregation Group, exceeds ninety percent of the Present Value of Accrued Benefits and the Aggregate Accounts of all Key and Non-Key Employees under this Plan and all plans of an Aggregation Group.

(c) Aggregate Account: A Participant's Aggregate Account as of the Determination Date is the sum of:

(1) his Participant's Combined Account balance as of the most recent valuation occurring within a twelve month period ending on the Determination Date;

(2) an adjustment for any contributions due as of the Determination Date. Such adjustment shall be the amount of any contributions actually made after the Valuation Date but due on or before the Determination Date, except for the first Plan Year when such adjustment shall also reflect the amount of any contributions made after the Determination Date that are allocated as of a date in that first Plan Year.

(3) any Plan distributions made within the Plan Year that includes the Determination Date or within the four preceding Plan Years. However, in the case of distributions made after the Valuation Date and prior to the Determination Date, such distributions are not included as distributions for top heavy purposes to the extent that such distributions are already included in the Participant's Aggregate Account balance as of the Valuation Date. Notwithstanding anything herein to the contrary, all distributions, including distributions made prior to January 1, 1984, and distributions under a terminated plan which if it had not been terminated would have been required to be included in an Aggregation Group, will be counted. Further, distributions from the Plan (including the cash value of life insurance policies) of a Participant's account balance because of death shall be treated as a distribution for the purposes of this paragraph.

(4) any Employee contributions, whether voluntary or mandatory. However, amounts attributable to tax deductible qualified voluntary employee contributions shall not be considered to be a part of the Participant's Aggregate Account balance.

(5) with respect to unrelated rollovers and plan-to-plan transfers (ones which are both initiated by the Employee and made from a plan maintained by one employer to a plan maintained by another employer), if this Plan provides the rollovers or plan-to-plan transfers, it shall always consider such rollovers or plan-to-plan transfers as a distribution for the purposes of this Section. If this Plan is the plan accepting such rollovers or plan-to-plan transfers, it shall not consider such rollovers or plan-to-plan transfers as part of the Participant's Aggregate Account balance. However, rollovers or plan-to-plan transfers accepted prior to January 1, 1984 shall be considered as part of the Participant's Aggregate Account balance.

(6) with respect to related rollovers and plan-to-plan transfers (ones either not initiated by the Employee or made to a plan maintained by the same employer), if this Plan provides the rollover or plan-to-plan transfer, it shall not be counted as a

distribution for purposes of this Section. If this Plan is the plan accepting such rollover or plan-to-plan transfer, it shall consider such rollover or plan-to-plan transfer as part of the Participant's Aggregate Account balance, irrespective of the date on which such rollover or plan-to-plan transfer is accepted.

(7) For the purposes of determining whether two employers are to be treated as the same employer in (5) and (6) above, all employers aggregated under Code Section 414(b), (c), (m) and (o) are treated as the same employer.

(d) "Aggregation Group" means either a Required Aggregation Group or a Permissive Aggregation Group as hereinafter determined.

(1) Required Aggregation Group: In determining a Required Aggregation Group hereunder, each plan of the Participating Employer in which a Key Employee is a participant in the Plan Year containing the Determination Date or any of the four preceding Plan Years, and each other plan of the Participating Employer which enables any plan in which a Key Employee participates to meet the requirements of Code Sections 401(a)(4) or 410, will be required to be aggregated. Such group shall be known as a Required Aggregation Group.

In the case of a Required Aggregation Group, each plan in the group will be considered a Top Heavy Plan if the Required Aggregation Group is a Top Heavy Group. No plan in the Required Aggregation Group will be considered a Top Heavy Plan if the Required Aggregation Group is not a Top Heavy Group.

(2) Permissive Aggregation Group: The Participating Employer may also include any other plan not required to be included in the Required Aggregation Group, provided the resulting group, taken as a whole, would continue to satisfy the provisions of Code Sections 401(a)(4) and 410. Such group shall be known as a Permissive Aggregation Group.

In the case of a Permissive Aggregation Group, only a plan that is part of the Required Aggregation Group will be considered a Top Heavy Plan if the Permissive Aggregation Group is a Top Heavy Group. No plan in the Permissive Aggregation Group will be considered a Top Heavy Plan if the Permissive Aggregation Group is not a Top Heavy Group.

(3) Only those plans of the Participating Employer in which the Determination Dates fall within the same calendar year shall be aggregated in order to determine whether such plans are Top Heavy Plans.

(4) An Aggregation Group shall include any terminated plan of the Participating Employer if it was maintained within the last five years ending on the Determination Date.

(e) "Determination Date" means (a) the last day of the preceding Plan Year, or (b) in the case of the first Plan Year, the last day of such Plan Year.

(f) Present Value of Accrued Benefit: In the case of a defined benefit plan, the Present Value of Accrued Benefit for a Participant other than a Key Employee, shall be as determined using the single accrual method used for all plans of the Participating Employer and Affiliated Employers, or if no such single method exists, using a method which results in benefits accruing not more rapidly than the slowest accrual rate permitted under Code Section 411(b)(1)(C). The determination of the Present Value of Accrued Benefit shall be determined as of the most recent Valuation Date that falls within or ends with the 12-month period ending on the Determination Date except as provided in Code Section 416 and the Regulations thereunder for the first and second plan years of a defined benefit plan.

(g) "Top Heavy Group" means an Aggregation Group in which, as of the Determination Date, the sum of:

(1) the Present Value of Accrued Benefits of Key Employees under all defined benefit plans included in the group, and

(2) the Aggregate Accounts of Key Employees under all defined contribution plans included in the group,

exceeds sixty percent of a similar sum determined for all Participants.

ARTICLE XIII
MISCELLANEOUS

13.1 PARTICIPANT'S RIGHTS

This Plan shall not be deemed to constitute a contract between the Participating Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Participating Employer or to interfere with the right of the Participating Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of this Plan.

13.2 ALIENATION

Subject to the exceptions provided below, no benefit which shall be payable out of the Trust Fund to any person (including a Participant, Former Participant or his Beneficiary) shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be void; and no such benefit shall in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any such person, nor shall it be subject to attachment or legal process for or against such person, and the same shall not be recognized by the Trustee; provided however, that the rule just stated shall not apply in the case of any Qualified Domestic Relations Order, nor to any loan pursuant to Section 10.4 nor, effective for judgments, orders and decrees issued and settlement agreements entered into on or after August 5, 1997, to any offset of a Participant's, Former Participant's or Beneficiary's benefits provided under the Plan against an amount that such person is ordered or required to pay to the Plan if:

(a) The order or requirement to pay arises:

(i) under a judgment of conviction for a crime involving the Plan;
(ii) under a civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a violation (or alleged violation) of Part 4 of Subtitle B of Title I of ERISA; or
(iii) pursuant to a settlement agreement between the Secretary of Labor and such person in connection with a violation (or alleged violation) of a Part 4 of Subtitle B of Title I of ERISA by a fiduciary or any other person; and

(b) The judgment, order, decree or settlement agreement expressly provides for the offset of all or part of the amount ordered or required to be paid to the Plan against the Participant's, Former Participant's or Beneficiary's benefits provided under the Plan.

13.3 CONSTRUCTION OF PLAN

This Plan and Trust shall be construed and enforced according to the Act and the laws of the State of New York to the extent not preempted by the Act.

13.4 GENDER AND NUMBER

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

13.5 LEGAL ACTION

In the event any claim, suit, or proceeding is brought regarding the Trust and/or Plan established hereunder to which the Trustee, the Participating Employer or the Administrator may be a party, and such claim, suit, or proceeding is resolved in favor of the Trustee, the Participating Employer or the Administrator, they shall be entitled to be reimbursed from the Trust Fund for any and all costs, attorney's fees, and other expenses pertaining thereto incurred by them for which they shall have become liable.

13.6 PROHIBITION AGAINST DIVERSION OF FUNDS

(a) Except as provided below and otherwise specifically permitted by law, it shall be impossible by operation of the Plan or of the Trust, by termination of either, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by any other means, for any part of the corpus or income of any trust fund maintained pursuant to the Plan or any funds contributed thereto to be used for, or diverted to, purposes other than the exclusive benefit of Participants, Retired Participants, or their Beneficiaries.

(b) In the event the Participating Employer shall make an excessive contribution under a mistake of fact pursuant to Act Section 403(c)(2)(A), the Participating Employer may demand repayment of such excessive contribution at any time within one (1) year following the time of payment and the Trustees shall return such amount to the Participating Employer within the one year period. Earnings of the Plan attributable to the excess contributions may not be returned to the Participating Employer but any losses attributable thereto must reduce the amount so returned.

13.7 BONDING

Every Fiduciary, except a bank or an insurance company, unless exempted by the Act and regulations thereunder, shall be bonded in an amount not less than 10 percent of the amount of the funds such Fiduciary handles; provided, however, that the minimum bond shall be $1,000 and the maximum bond, $500,000. The amount of funds handled shall be determined at the beginning of each Plan Year by the amount of funds handled by such person, group, or class to be covered and their predecessors, if any, during the preceding Plan Year, or if there is no preceding Plan Year, then by the amount of the funds to be handled during the then current year. The bond shall provide protection to the Plan against any loss by reason of acts of fraud or dishonesty by the Fiduciary alone or in connivance with others. The surety shall be a corporate surety company (as such term is used in Act Section 412(a)(2)), and the bond shall be in a form approved by the Secretary of Labor. Notwithstanding anything in the Plan to the contrary, the cost of such bonds shall be an expense of and may, at the election of the Administrator, be paid from the Trust Fund or by the Participating Employer.

13.8 EMPLOYER'S AND TRUSTEE'S PROTECTIVE CLAUSE

Neither the Participating Employer, the Administrator, nor the Trustee, nor their successors shall be responsible for the validity of any Contract issued hereunder or for the failure on the part of the insurer to make payments provided by any such Contract, or for the action of any person which may delay payment or render a Contract null and void or unenforceable in whole or in part.

13.9 INSURER'S PROTECTIVE CLAUSE

Any insurer who shall issue Contracts hereunder shall not have any responsibility for the validity of this Plan or for the tax or legal aspects of this Plan. The insurer shall be protected and held harmless in acting in accordance with any written direction of the Trustee, and shall have no duty to see to the application of any funds paid to the Trustee, nor be required to question any actions directed by the Trustee. Regardless of any provision of this Plan, the insurer shall not be required to take or permit any action or allow any benefit or privilege contrary to the terms of any Contract which it issues hereunder, or the rules of the insurer.

13.10 RECEIPT AND RELEASE FOR PAYMENTS

Any payment to any Participant, his legal representative, Beneficiary, or to any guardian or committee appointed for such Participant or Beneficiary in accordance with the provisions of the Plan, shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Trustee and the Participating Employer, either of whom may require such Participant, legal representative, Beneficiary, guardian or committee, as a condition precedent to such payment, to execute a receipt and release thereof in such form as shall be determined by the Trustee or Participating Employer.

13.11 ACTION BY THE EMPLOYER

Whenever the Participating Employer under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

13.12 NAMED FIDUCIARIES AND ALLOCATION OF RESPONSIBILITY

The "named Fiduciaries" of this Plan are (1) the Employer, (2) the Administrator and (3) the Trustee. The named Fiduciaries shall have only those specific powers, duties, responsibilities, and obligations as are specifically given them under the Plan or as accepted by or assigned to them pursuant to any procedure provided under the Plan, including but not limited to any agreement allocating or delegating their responsibilities, the terms of which are incorporated herein by reference. In general, unless otherwise indicated herein or pursuant to such agreements, the Employer shall have the duties specified in Article II hereof, as the same may be allocated or delegated thereunder, including but not limited to the responsibility for making the contributions provided for under Section 4.1; and shall have the authority to appoint and remove the Trustee and the Administrator; to formulate the Plan's "funding policy and method"; and to amend or terminate, in whole or in part, the Plan. The Administrator shall have the responsibility for the administration of the Plan, including but not limited to the items specified at Article II of the Plan, as the same may be allocated or delegated thereunder. The Trustee shall have the responsibility of management and control of the assets held under the Trust, except to the extent directed pursuant to Article II or with respect to those assets, the management of which has been assigned to an Investment Manager, who shall be solely responsible for the management of the assets assigned to it, all as specifically provided in the Plan and any agreement with the Trustee. Each named Fiduciary warrants that any directions given, information furnished, or action taken by it shall be in accordance with the provisions of the Plan, authorizing or providing for such direction, information or action. Furthermore, each named Fiduciary may rely upon any such direction, information or action of another named Fiduciary as being proper under the Plan, and is not required under the Plan to inquire into the propriety of any such direction, information or action. It is intended under the Plan that each named Fiduciary shall be responsible for the proper exercise of its own powers, duties, responsibilities and obligations under the Plan as specified or allocated herein. No named Fiduciary shall guarantee the Trust Fund in any manner against investment loss or depreciation in asset value. Any person or group may serve in more than one Fiduciary capacity. In the furtherance of their responsibilities hereunder, the "named Fiduciaries" shall be empowered to interpret and apply the Plan and Trust, including the power to resolve questions of law and/or fact and to resolve ambiguities, inconsistencies and omissions, which findings shall be binding, final and conclusive.

13.13 HEADINGS

The headings and subheadings of this Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

13.14 APPROVAL BY INTERNAL REVENUE SERVICE

(a) Notwithstanding anything herein to the contrary, contributions to this Plan are conditioned upon the qualification of the Plan under Code Section 401. If the Plan receives an adverse determination with respect to its qualification, then the Plan may return such contributions to the Participating Employer within one year after such determination, provided the application for the determination is made by the time prescribed by law for filing the Participating Employer's return for the taxable year in which the Plan was adopted, or such later date as the Secretary of the Treasury may prescribe.

(b) Notwithstanding any provisions to the contrary, except Sections 3.5, 3.6, and 4.1(d), any contribution by the Participating Employer to the Trust Fund is conditioned upon the deductibility of the contribution by the Participating Employer under the Code and, to the extent any such deduction is disallowed, the Participating Employer may, within one (1) year following the disallowance of the deduction, demand repayment of such disallowed contribution and the Trustee shall return such contribution within one (1) year following the disallowance. Earnings of the Plan attributable to the excess contribution may not be returned to the Participating Employer, but any losses attributable thereto must reduce the amount so returned.

13.15 UNIFORMITY

All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner. In the event of any conflict between the terms of this Plan and any Contract purchased hereunder, the Plan provisions shall control.

13.16 SECURITIES AND EXCHANGE COMMISSION APPROVAL

The Employer may request an interpretative letter from the Securities and Exchange Commission stating that the transfers of Company Stock contemplated hereunder do not involve transactions requiring a registration of such Company Stock under the Securities Act of 1933. In the event that a favorable interpretative letter is not obtained, the Employer reserves the right to amend the Plan and Trust retroactively to their Effective Dates in order to obtain a favorable interpretative letter or to terminate the Plan.

13.17 SPECIAL DISTRIBUTION FORMS

Notwithstanding any language contained in the Plan to the contrary, with respect to Participating Employer contributions made to the Plan on and before December 31, 1994, the following provisions shall apply:

(a) Upon the death of a Participant before his Retirement Date or other termination of his employment, all amounts credited to such Participant's Company Stock Account shall become fully Vested.

(b) Upon the death of a Former Participant, the Administrator shall direct the Trustee, to distribute any remaining Vested amounts credited to the accounts of a deceased Former Participant to such Former Participant's Beneficiary.

(c) Any security interest held by the Plan by reason of an outstanding loan to the Participant or Former Participant shall be taken into account in determining the amount of the Pre-Retirement Survivor Annuity.

(d) The Administrator may require such proper proof of death and such evidence of the right of any person to receive payment of the Company Stock Account attributable to Participating Employer contributions made on or before December 31, 1994 on behalf of a deceased Participant or Former Participant as the Administrator may deem desirable. The Administrator's determination of death and of the right of any person to receive payment shall be conclusive.

(e) Unless otherwise elected, the Beneficiary of the death benefit shall be the Participant's spouse, who shall receive such benefit in the form of a Pre-Retirement Survivor Annuity, which is an immediate annuity form of payment for the life of the surviving spouse of a Participant who dies prior to his annuity starting date, which is the first day of the first period for which an amount is paid as an annuity, or in the case of a benefit not payable in the form of an annuity, the first day on which all events have occurred which entitle the Participant to such benefit. Except, however, the Participant may designate a Beneficiary other than his spouse if:

(1) the Participant and his spouse have validly waived the Pre-Retirement Survivor Annuity, and the spouse has waived his or her right to be the Participant's Beneficiary, or

(2) the Participant is legally separated or has been abandoned (within the meaning of local law) and the Participant has a court order to such effect (and there is no "qualified domestic relations order" as defined in Code Section 414(p) which provides otherwise), or

(3) the Participant has no spouse, or

(4) the spouse cannot be located.

In such event, the designation of a Beneficiary shall be made on a form satisfactory to the Administrator. A Participant may at any time revoke his designation of a Beneficiary or change his Beneficiary by filing written notice of such revocation or change with the Administrator. However, the Participant's spouse must again consent in writing to any change in

Beneficiary unless the original consent acknowledged that the spouse had the right to limit consent only to a specific Beneficiary and that the spouse voluntarily elected to relinquish such right. In the event no valid designation of Beneficiary exists at the time of the Participant's death, the death benefit shall be payable to his estate.

(f)(1) Unless otherwise elected as provided below, a Participant who is married on the Annuity Starting Date and who does not die before the Annuity Starting Date shall receive the value of his Company Stock Account derived from Participating Employer contributions made or before December 31, 1994 in the form of a joint and survivor annuity. The joint and survivor annuity is an annuity that commences immediately and shall be equal in value to a single life annuity. Such joint and survivor benefits following the Participant's death shall continue to the spouse during the spouse's lifetime at a rate equal to 50 percent of the rate at which such benefits were payable to the Participant. This joint and 50 percent survivor annuity shall be considered the designated qualified joint and survivor annuity and automatic form of payment of Participating Employer contributions made to a Participant's Company Stock Account on or before December 31, 1994. An unmarried Participant shall receive the value of his Company Stock Account derived from Participating Employer contributions made on or before December 31, 1994 in the form of a life annuity. Such unmarried Participant, however, may elect in writing to waive the life annuity. The election must comply with the provisions of this Section as if it were an election to waive the joint and survivor annuity by a married Participant, but without the spousal consent requirement. The Participant may elect to have any annuity provided for in this Section distributed upon the attainment of the "earliest retirement age" under the Plan. The "earliest retirement age" is the earliest date on which, under the Plan, the Participant could elect to receive retirement benefits.

(2) Any election to waive the joint and survivor annuity must be made by the Participant in writing during the election period and be consented to by the Participant's spouse. If the spouse is legally incompetent to give consent, the spouse's legal guardian, even if such guardian is the Participant, may give consent. Such election shall designate a Beneficiary (or a form of benefits) that may not be

changed without spousal consent (unless the consent of the spouse expressly permits designations by the Participant without the requirement of further consent by the spouse). Such spouse's consent shall be irrevocable and must acknowledge the effect of such election and be witnessed by a Plan representative or a notary public. Such consent shall not be required if it is established to the satisfaction of the Administrator that the required consent cannot be obtained because there is no spouse, the spouse cannot be located, or other circumstances that may be prescribed by Regulations. The election made by the Participant and consented to by his spouse may be revoked by the Participant in writing without the consent of the spouse at any time during the election period. The number of revocations shall not be limited. Any new election must comply with the requirements of this paragraph. A former spouse's waiver shall not be binding on a new spouse.

(3) The election period to waive the joint and survivor annuity shall be the ninety day period ending on the Annuity Starting Date.

(4) With regard to the election, the Administrator shall provide to the Participant no less than thirty days and no more than ninety days before the Annuity Starting Date a written explanation of:

(i) the terms and conditions of the joint and survivor annuity,

(ii) the Participant's right to make, and the effect of, an election to waive the joint and survivor annuity,

(iii) the right of the Participant's spouse to consent to any election to waive the joint and survivor annuity, and

(iv) the right of the Participant to revoke such election, and the effect of such revocation.

(5) Any distribution provided for in this Section may commence less than thirty days after the notice required by Code Section 417(a)(3) is given, provided that:

(i) the Administrator clearly informs the Participant that the Participant has a right to a period of 30 days after receiving the notice to consider whether to waive the joint and survivor annuity and consent to a form of distribution other than a joint and survivor annuity,

(ii) the Participant is permitted to revoke an affirmative distribution election at least until the Annuity Starting Date, or, if later, at any time prior to the expiration of the 7-day period that begins the day after the explanation of the joint and survivor annuity is provided to the Participant,

(iii) the Annuity Starting Date is after the date that the explanation of the joint and survivor annuity is provided to the Participant. However, the Annuity Starting Date may be before the date that any affirmative distribution election is made

by the Participant and before the date that the distribution is permitted to commence under (iv) below, and

(iv) distribution in accordance with the affirmative election does not commence before the expiration of the 7-day period that begins the day after the explanation of the joint and survivor annuity is provided to the Participant.

(g) In the event a married Participant duly elects not to receive his benefit in the form of a joint and survivor annuity, or if such Participant is not married, in the form of a life annuity, the Administrator, pursuant to the election of the Participant, shall direct the Trustee to distribute to a Participant or his Beneficiary any amount to which he is entitled under the Plan in one or more of the following methods:

(1) One lump-sum payment in cash.

(2) Payments over a period certain in monthly, quarterly, semi-annual, or annual cash installments.

(h) The present value of a Participant's joint and survivor annuity derived from Participating Employer and Employee contributions may not be paid without his written consent if the value exceeds, or has ever exceeded, $3,500 ($5,000 for distributions occurring after December 31, 1997) at the time of any prior distribution. Further, the spouse of a Participant must consent in writing to any immediate distribution. Any written consent must be obtained not more than ninety days before commencement of the distribution.

If the value of the Participant's benefit derived from Participating Employer and Employee contributions does not exceed $3,500 ($5,000 for distributions occurring after December 31, 1997), the Administrator may immediately distribute such benefit without such Participant's consent. No distribution may be made under the preceding sentence after the Annuity Starting Date unless the Participant and his spouse consent in writing to such distribution.

(i) Any distribution to a Participant who has a benefit which exceeds, or has ever exceeded, $3,500 ($5,000 for distributions occurring after December 31, 1997) at the time of any prior distribution shall require such Participant's consent if such distribution commences prior to the later of his Normal Retirement Age or age 62. With regard to this required consent:

(1) No consent shall be valid unless the Participant has received a general description of the material features and an explanation of the relative values of the optional forms of benefit available under the Plan that would satisfy the notice requirements of Code Section 417.

(2) The Participant must be informed of his right to defer receipt of the distribution. If a Participant fails to consent, it shall be deemed an election to defer the commencement of payment of any benefit.

(3) Notice of the rights specified under this paragraph shall be provided no less than thirty days and no more than ninety days before the Annuity Starting Date.

(4) Written consent of the Participant to the distribution must not be made before the Participant receives the notice and must not be made more than 90 days before the Annuity Starting Date.

(5) No consent shall be valid if a significant detriment is imposed under the Plan on any Participant who does not consent to the distribution.

Any such distribution may commence less than thirty days after the notice required under Regulation 1.411(a)-11(c) is given, provided that: (1) the Administrator clearly informs the Participant that the Participant has a right to a period of at least 30 days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and (2) the Participant, after receiving the notice, affirmatively elects a distribution.

ARTICLE XIV
AFFILIATED EMPLOYERS

14.1 Adoption of Plan and Trust. The following rules shall apply with respect to the adoption of this Plan and Trust:

(a) Adoption by Affiliated Employers. The terms of this Plan and Trust may be adopted by any Affiliated Employer with respect to the Affiliated Employer as a whole or with respect to any one or more of its divisions, facilities or operations, provided:

(1) The Board of Directors consents to such adoption by an appropriate written resolution;

(2) The board of directors of the Affiliated Employer adopts this Plan and Trust by an appropriate written resolution which identifies the Eligible Employees to be so covered; and

(3) The Affiliated Employer executes a Plan and Trust Adoption Agreement, in substantially the form attached hereto as Plan Exhibit A, applicable to the Eligible Employees of such Affiliated Employer. The Affiliated Employer may elect in such Adoption Agreement to have special provisions apply with respect to the Eligible Employees of the Affiliated Employer which differ from the provisions of the Plan and Trust applicable to other Eligible Employees; and

(4) The Affiliated Employer executes such other documents as may be required to make such Affiliated Employer a party to the Plan and Trust as a Participating Employer.

(b) Effect of Adoption. An Affiliated Employer that adopts the Plan and Trust is thereafter a Participating Employer with respect to its Eligible Employees.

14.2 Withdrawal from Plan and Trust.

(a) A Participating Employer may at any time withdraw from the Plan and Trust upon giving the Board of Directors and the Trustee at least 30 days prior written notice of its intention to withdraw. Upon the withdrawal of a Participating Employer pursuant to this Section 12.2, the Trustee shall segregate a portion of the assets in the Trust Fund, the value of which shall equal the total amount credited to the Aggregate Accounts of Participants then employed or formerly employed by the withdrawing Participating Employer. The determination of which assets are to be so segregated shall be made by the Trustee in its sole discretion.

(b) Exclusive Purpose of Fund. Neither the segregation and transfer of the Trust Fund upon the withdrawal of a Participating Employer nor the execution of a new plan and trust by such withdrawing Participating Employer shall operate to permit any part of the Trust

Fund to be used for, or diverted to, purposes other than for the exclusive benefit of the Participants and their Beneficiaries.

(c) Application of Withdrawal Provisions. The withdrawal provisions contained in this Section 12.2 shall be applicable only if the withdrawing Participating Employer continues to cover its Participants and Eligible Employees in another profit-sharing plan and trust qualified under Sections 401(a) and 501(a) of the Code. Under any other circumstances, the termination provisions of the Plan and Trust shall apply.

14.3 Single Plan. Notwithstanding any other provision set forth herein, the Plan, as adopted by the Employer and each Participating Employer, shall constitute a single plan, as such term is defined in Treas. Reg.ss.1.414(1)-1(b)(1).

14.4 Employer Appointed Agent of Participating Employers. As a condition precedent to the adoption of the Plan and Trust, each Participating Employer appoints the Employer as its agent to exercise on its behalf all of the power and authority conferred upon the Employer by the Plan, including, without limitation, the power to amend or to terminate the Plan. The authority of the Employer to act as agent of any Participating Employer shall terminate only when the portion of the Plan's assets held for the benefit of the Eligible Employees of such Participating Employer shall be segregated in a trust as provided in Section 12.2 hereof.

14.5 Disposition of Affiliated Employers. In the event of the sale of substantially all of the assets used by an Affiliated Employer in a trade or business conducted by the Affiliated Employer or the sale of at least 50% of the outstanding voting stock of an Affiliated Employer by the Employer or another Affiliated Employer, the Administrator (in its discretion) may:

(a) Direct that the interest of each Participant, who ceases to be employed by an Affiliated Employer upon the consummation and by reason of the sale (an "Affected Participant"), in his or her Aggregate Account shall be 100% vested;

(b) Authorize distribution of the Affected Participants' Aggregate Accounts subject to the restrictions imposed by Section 401(k)(2)(B) of the Code;

(C) Authorize the direct trust-to-trust transfer of Affected Participants' Aggregate Account balances to a defined contribution plan maintained for the benefit of employees of the purchaser or its affiliates, provided that such transferee plan contains provisions pursuant to which any Deferred Compensation transferred would remain subject to the distribution restrictions and vesting standard set forth in Section 401(k)(2) of the Code; or

(d) Provide for the administration and subsequent distribution of Aggregate Accounts not so transferred pending the Affected Participants' separation from service with the purchaser and its affiliates.

The Administrator shall have all powers necessary or appropriate to the orderly administration of the foregoing provisions of this Section 14.5.

14.6 Acquisition of Affiliated Employers. In the event of the acquisition by the Employer or an Affiliated Employer of substantially all of the assets used by an employer in a trade or business conducted by such employer or the acquisition by the Employer or an Affiliated Employer of more than 50% of the outstanding voting stock of an employer or its affiliate, the Administrator (in its discretion) may:

(a) Authorize the acceptance, from a defined contribution plan maintained for the benefit of employees of the seller or its affiliates (the "Seller's Plan"), of direct trust-to-trust transfers of the account balances of individuals who become Employees upon the consummation and by reason of the acquisition (the "Acquired Employees"), subject to the provisions of Section 4.11 hereof;

(b) Authorize the acceptance of rollover contributions by the Acquired Employees of distributions they receive from the Seller's Plan, subject to the limitations imposed by Section 402(a)(5) and related provisions of the Code; or

(c) Provide for the administration and subsequent distribution of amounts transferred or contributed pursuant to Subsection (a) and/or (b), above, pending the occurrence of a distribution in accordance with Article VII with respect to each Acquired Employee.

The Administrator shall have all powers necessary or appropriate to the orderly administration of this Section 14.6, including the power to direct the sale of any assets transferred or contributed to the Plan in kind.

14.7 Disposition of Less Than 85 Percent of Assets of Trade or Business. In the event the Employer or Participating Employer transfers less than 85 percent of the assets of a trade or business to a new employer, the Plan may distribute to a Participant who was a former employee such Participant's Aggregate Account provided such Participant goes to work for the new employer that purchased the assets in accordance with the provisions of Rev. Rul. 2000-27, 2000 I.R.B. 1.

IN WITNESS WHEREOF, this Plan has been executed the 18th day of December, 2000, effective January 1, 2001 forward.

NBT Bancorp, Inc.	NBT Bank, N.A
By: /s/ Daryl R. Forsythe	By: /s/ Martin Dietrich
Title: Pres & CEO	Title: Pres & COO

EXHIBIT 10.2

NBT BANCORP INC. Defined Benefit Pension Plan Amended and Restated
Effective as of January 1, 2000

NBT BANCORP INC. DEFINED BENEFIT PENSION PLAN

As Amended and Restated Effective as of January 1, 2000

(except as otherwise provided herein)

December 11, 2000

TABLE OF CONTENTS

PREAMBLE........ii

ARTICLE I........1

ARTICLE II........12

ARTICLE III........14

ARTICLE IV........16

ARTICLE V........18

ARTICLE VI........20

ARTICLE VII........22

ARTICLE VIII........29

ARTICLE IX........31

ARTICLE X........35

ARTICLE XI........37

ARTICLE XII........44

ARTICLE XIII........47

ARTICLE XIV........49

ARTICLE XV........51

EXHIBIT I........56

EXHIBIT II........58

PREAMBLE

Prior to January 1, 2000, NBT Bancorp Inc. maintained the NBT Bancorp Inc. Defined Benefit Pension Plan (the "Plan"). The portion of the Plan that existed immediately prior to January 1, 2000 shall be maintained in Appendix A hereof and shall hereinafter, for purposes of this plan document, be referred to as the "Appendix A Plan." The Appendix A Plan shall be applicable with respect to periods on and after January 1, 2000 to those individuals who qualified for the one-time election to continue to accrue benefits under the benefit formula used to calculate pension benefits in the Appendix A Plan under the terms of the Plan as it existed on December 31, 1999 and who irrevocably elected to remain in the Appendix A Plan. Except as is otherwise hereinafter expressly provided, such individuals shall be entitled to receive benefits only in accordance with the provisions of the Appendix A Plan.

The Plan is now amended and restated in its entirety as herein set forth, effective January 1, 2000, except as otherwise provided herein, to reflect its redesign to a cash balance plan (the "Account Balance Plan") for the benefit of all Eligible Employees (as defined in Section 1.19 hereof) who meet the Account Balance Plan's eligibility requirements (as set forth in Section 2.1 hereof). The Plan shall continue to be known as the NBT Bancorp Inc. Defined Benefit Pension Plan. However, except as is otherwise specifically provided, on or after January 1, 2000 all references to the Plan shall refer only to the cash balance portion hereof, which shall be Articles I through XV, including Exhibit I and Exhibit II.

Except as is otherwise hereinafter expressly provided, the Plan and the Appendix A Plan as so amended and restated apply to persons in the employment of NBT Bancorp Inc. who are or become participants on or after January 1, 2000. Former employees whose service terminated prior to January 1, 2000, whether as a result of retirement, death, disability or any other form of termination of employment, and those entitled to benefits under the Appendix A Plan with respect to such former employees, shall be entitled to benefits under the Appendix A Plan only to the extent, if any, provided under the Appendix A Plan as in effect before January 1, 2000, except as otherwise specifically provided.

Notwithstanding the foregoing paragraph, the Appendix A Plan was amended as of March 1, 2000 (Amendment #1) and as of May 15, 2000 (Amendment #2). Any other provision of the Plan to the contrary notwithstanding, in no event will an individual who becomes a participant in the Account Balance Plan as of January 1, 2000 in accordance with the provisions of Subsection 2.1(a) of the Plan be entitled to a lesser benefit than the benefit to which such participant would have been entitled if such individual remained covered by the Appendix A Plan, inclusive of Amendment #1 and Amendment #2 (but in no event inclusive of any accruals thereunder with respect to periods after May 15, 2000).

The Plan and the Appendix A Plan are intended to be a single plan and to comply with the provisions of Section 401(a) of the Internal Revenue Code and applicable regulations thereunder.

ARTICLE I

DEFINITIONS

The following words and phrases, as used herein, shall have the following meanings, unless a different meaning is plainly required by the context. Some of the words and phrases used in the Plan are not defined in this Article I, but for convenience are defined as they are introduced into the text.

1.1 "Account" means the bookkeeping account established and maintained with respect to a Participant pursuant to the provisions of Section 3.1.

1.2 "Account Balance Accrued Benefit" means, as of any particular determination date, the annual amount of benefit, payable monthly in the Normal Form as set forth in Subsection 1.29(a), commencing at Normal Retirement Date or any later date, which is the Actuarial Equivalent of the Participant's Account as of such determination date.

1.3 "Account Balance Plan" means the portion of the Plan other than the Appendix A Plan.

1.4 "Actuarial Equivalent" means, with respect to any specified annuity or benefit, another annuity or benefit commencing at a different date and/or payable in a different form than the specified annuity or benefit, but which has the same present value as the specified annuity or benefit. Such present value is determined on the basis of the interest rate, mortality table and other factors, if any, applicable to such other annuity or benefit, as specified in Exhibit I as in effect at the date of determination.

1.5 "Affiliated Employer" means (a) a member of a "controlled group of corporations" or group of trades or businesses under common control (as defined in Code Section 414(b) and (c)) of which the Employer is a member, (b) a member of an affiliated service group (as defined in Code Section 414(m)) which includes the Employer, or (c) any other entity that must be aggregated with the Employer pursuant to Code Section 414(o). The term "controlled group of corporations" has the meaning given in Code Section 1563(a), but determined without regard to Code Sections 1563(a)(4) and (e)(3)(C). If an Affiliated Employer is also an Employer maintaining the Plan, the provisions of the Plan shall apply to that entity as an Employer, rather than only as an Affiliated Employer.

1.6 "Alternate Payee" means any spouse, former spouse, child or other dependent of a Participant who is recognized by a Domestic Relations Order as having a right to receive all, or a portion of, the benefits payable under the Plan with respect to such Participant.

1.7 "Appendix A Plan" means the NBT Bancorp Inc. Defined Benefit Pension Plan as in effect as of December 31, 1999, and as set forth in Appendix A.

1.8 "Beneficiary" means a person, estate, trust or other entity designated as provided in Article VIII to receive the benefits which are payable under the Plan upon or after the death of a Participant.

1.9 "Benefit Commencement Date" means the first date of the first period for which an amount attributable to a Participant's Account is paid as an annuity or any other form, as determined in accordance with Section 417(f)(2) of the Code and the regulations thereunder.

1.10 "Board" or "Board of Directors" means the Board of Directors of NBT Bancorp Inc.

1.11 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.12 "Compensation" means remuneration paid by the Employer to an Employee in the form of fixed basic annual salary or wages, commissions, overtime, and cash bonuses actually received. Compensation shall include any amount contributed by the Employer at the direction of the Employee pursuant to a salary reduction agreement, which amount is not includable in the Employee's gross income under Code Section 125 (cafeteria plans) or Code Section 402(a)(8) ("401(k)" plans). Compensation shall not include any other form of remuneration, regardless of the manner calculated or paid. For example, "Compensation" shall not include amounts realized from the exercise of stock options or from the disposition of stock or stock rights, Employer contributions to any public or private benefit plan or system, or amounts paid as severance pay.

Notwithstanding the foregoing, with respect to periods on and after January 1, 2000, in no event will Compensation determined on an annual basis exceed $170,000 as adjusted for changes in the cost of living as provided in Section 401(a)(17) of the Code.

1.13 "Corporate Group" means the Employer and any Affiliated Employer. For purposes under the Plan of determining whether or not a person is an Employee and the period of employment of such person, each such Affiliated Employer shall be included in the "Corporate Group" only for such period or periods during which such other company is so a member of a controlled group, under common control, an affiliated service group or otherwise required to be aggregated.

1.14 "Corporation" means NBT Bancorp Inc. as now constituted or as may be constituted hereafter or any person, firm, corporation or partnership which may succeed to its business.

1.15 "Disabled Participant" means a Participant who is determined to be entitled to, and is in receipt of, disability benefits under both (a) Title II or XVI of the Social Security Act, and (b) any long term disability income plan sponsored by the Employer. A Disabled Participant shall be deemed to be "Disabled" or to have a "Disability" only during the period such individual is entitled to, and in receipt of, disability benefits under both (a) Title II or XVI of the Social Security Act, and (b) any long term disability income plan sponsored by the Employer.

1.16 "Domestic Relations Order" means any judgment, decree, or order (including approval of a property settlement agreement) which: (a) relates to the provision of child support, alimony payments or marital property rights to a spouse, child or other dependent of a Participant, and (b) is made pursuant to a state domestic relations law (including a community property law).

1.17 "Effective Date" means October 1, 1989.

1.18 "Eligible Compensation" means, with respect to a Plan Year, the Compensation paid to the Employee as a Participant, exclusive of any Compensation paid to the Employee while he is employed in a capacity other than as an Eligible Employee; provided, however, that in the Plan Year in which an Employee commences participation in accordance with Subsection 2.1(b), Eligible Compensation shall include all of his Compensation for such Plan Year.

1.19 "Eligible Employee" means an Employee of an Employer other than a person included in a unit of employees covered by a collective bargaining agreement (as defined in Code Section 7701(a)) between Employee representatives and the Employer, unless such collective bargaining agreement expressly provides for the inclusion of such persons as Participants in the Account Balance Plan.

Any other provision of the Account Balance Plan to the contrary notwithstanding,

(a) in no event shall an individual who elected to participate in the Appendix A Plan as provided in Section 2.1(a) be an Eligible Employee unless such individual is reemployed after having terminated employment, in which case the opening value of such individual's Account shall be $0 and the provisions of Section 2.4 shall apply; and

(b) in no event shall an individual be an Eligible Employee to the extent he is a Leased Employee or is retained by the Employer to perform services for the Employer (for either a definite or indefinite duration) and is characterized thereby as a fee-for-service worker or independent contractor or in a similar capacity (rather than in the capacity of an employee), regardless of such individual's status under common law, including, without limitation, any such individual who is or has been determined by a third party, including, without limitation, a government agency or board or court or arbitrator, to be an employee of the Employer for any purpose, including, without limitation, for purposes of any employee benefit plan of the Employer (including this Plan) or for purposes of federal, state or local tax withholding, employment tax or employment law.

1.20 "Employee" means any person who receives compensation for personal services, other than a retainer or fee under a contract, from a member of the Corporate Group and who is treated by such entity as a common law employee for employment tax withholding purposes. Any Leased Employee shall be considered to be an Employee solely for the purposes specified in Code Section 414(n).

1.21 "Employer" means (a) the Corporation, or (b) any other member of the Corporate Group which may elect to participate with the approval of the Board of Directors.

1.22 "ERISA" means Public Law No. 93-406, the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.23 "Fund" or "Trust Fund" shall mean the assets of the Plan (including the Appendix A Plan).

1.24 Highly Compensated Employee shall mean a highly compensated employee within the meaning of Code Section 414(q). As set forth below, the term "Highly Compensated Employee" includes highly compensated active employees and highly compensated former employees. In the following subsections, the term "determination year" means the current Plan Year and the term "look-back year" means the twelve-month period immediately preceding the determination year.

(A) HIGHLY COMPENSATED ACTIVE EMPLOYEE: A highly compensated active employee includes any Employee who performs services for the Employer during the determination year and who (i) for the preceding determination year, received compensation from the Employer in excess of $80,000 (as adjusted by the Secretary of the Treasury), or (ii) was a 5-Percent Owner (as defined in section 416(i)(1) of the Code) at any time during the determination year or the preceding determination years.

(B) HIGHLY COMPENSATED FORMER EMPLOYEE: A highly compensated former employee includes any employee who separated from service (or was deemed to have separated) prior to the determination year, performs no service for the Employer during the determination year and was a highly compensated active employee for either the separation year or any determination year ending on or after the employee's 55th birthday.

(C) INCORPORATION OF SECTION 414(Q): The determination of who is a Highly Compensated Employee under the above rules, shall be made in accordance with Code Section 414(q) and implementing Regulations, which are hereby incorporated by reference.

1.25 "Hour of Service" shall mean an hour determined in accordance with the following provisions. In this definition, the term "computation period" means the Plan Year, with the following exception. To the extent that a "Year of Service" is defined as a different period for eligibility purposes, that period shall be considered a computation period in crediting Hours of Service for eligibility.

(A) GENERAL RULES FOR CREDITING HOURS: For all purposes under the Plan, an Employee shall be credited with an Hour of Service for all of the following:

(i) Each hour for which the Employee is paid, or entitled to payment, for the performance of duties for the Employer. These hours will be credited to the Employee for the computation period in which the duties are performed.

(ii) Each hour for which the Employee is paid, or entitled to payment, by the Employer, on account of a period during which no duties are performed (whether or not the employment relationship has terminated), due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. No more than 501 Hours of Service shall be credited under this subsection for any single, continuous period,whether or not such period occurs in a single computation period.

(iii) Each hour for which back pay (irrespective of mitigation of damages) is either awarded or agreed to by the Employer. The same Hours of Service will not be credited both under subsection (i) or (ii), whichever is applicable, and this subsection (iii). Under this subsection, Hours of Service will be credited to the Employee for the computation period to which the award or agreement pertains, rather than the computation period in which the award, agreement or payment is made.

Hours under this subsection shall be calculated and credited pursuant to Department of Labor Regulation 2530.200b-2(b) and (c), which is incorporated herein by reference.

(b) HOURS NOT KEPT: An Employee for whom hours are not normally kept shall receive credit for 45 Hours of Service for each weekly pay period during which the Employee performs one Hour of Service under the conditions described in subsection (a)(i) or (ii) above.

(c) AFFILIATED EMPLOYERS: For eligibility and vesting purposes (Articles II and V), Hours of Service shall also be credited for employment with any Affiliated Employer.

(d) For eligibility and vesting purposes hereunder, Hours of Service shall include each hour: for which an Employee, who was employed by any banking institution or banking facility as of the date immediately preceding the date of the Employer's acquisition of that institution or facility, was credited with an hour of service under the terms of such former employer's tax-qualified retirement plan as of the date immediately preceding the date of the Employer's acquisition of the institution or facility.

(e) Hours of Service shall be granted for eligibility and vesting purposes during a period of military service which does not exceed two years in duration. Hours of Service will be credited on the basis of the Employee's normal workweek when such leave commenced. For purposes of this subsection (e), military service is service with the Armed Forces of the United States during periods of war, national emergency or conscription, subject to the condition that the Employee returns to active employment with the Employer within the period his reemployment rights are protected by applicable law. Notwithstanding the foregoing, Hours of Service shall include qualified military service to the extent required by Code Section 414(u), if such Code Section would grant more service to the Employee.

(f) Except to the extent required by subsection (a)(ii) above, Hours of Service shall not be granted for any purpose under the Plan as a result of an Employee's receipt of severance pay from the Employer.

1.26 "Interest Credit" means with respect to any Plan Year, additions to a Participant's Account determined pursuant to Section 3.3.

1.27 "Interest Credit Rate" means with respect to a Plan Year the average annual yield on 30-year U.S. Treasury securities for the November of the prior year.

1.28 "Leased Employee" shall mean any person (other than one who is an employee without regard to a leasing arrangement) who performs services pursuant to an agreement between the Employer and a leasing organization if:

(a) The services have been performed for the Employer or for the Employer and related persons (determined in accordance with Code Section 414(n)(6)) on a substantially full-time basis for a period of at least one year; and

(b) The services are performed under the primary direction or control of the Employer.

1.29 "Normal Form" means

(a) for a Participant who is not married on his Benefit Commencement Date a straight life annuity, payable in monthly installments, for the life of the Participant; provided, however, that if the Participant shall die before having received 60 monthly payments, such monthly payments shall be continued to his Beneficiary until the total number of monthly payments to such Participant and Beneficiary equals 60 (i.e., the Life Annuity With 5 Years Certain). If the Participant and Beneficiary die before having received a total of 60 monthly payments, the Actuarial Equivalent value of the balance of such monthly payments shall be paid in a single sum to the estate of the survivor of the Participant and Beneficiary.

(b) for a Participant who is married on his Benefit Commencement Date, a 50 percent joint and survivor annuity with the Surviving Spouse as Beneficiary (i.e., the Joint And 50% Survivor Annuity), which is the Actuarial Equivalent of the benefit that would be payable to the Participant if the Participant was not married on his Benefit Commencement Date.

1.30 "Normal Retirement Age" means the Employee's 65th birthday.

1.31 "Normal Retirement Date" means the first day of the month coincident with or next following the Participant's Normal Retirement Age.

1.32 "Opening Account Balance" means the initial bookkeeping account established as hereinafter provided as of January 1, 2000 with respect to an Employee as of December 31, 1999 who both (i) participated in the Plan immediately before January 1, 2000 and (ii) becomes a Participant in the Account Balance Plan in accordance with Section 2.1(a) as of January 1, 2000. Such Opening Account Balance shall equal the greater of (a) and (b) below:

(a) A lump sum amount equal to the Actuarial Equivalent lump sum present value of the Employee's "Accrued Benefit" (as such term is defined in Section 2.01 of the Appendix A Plan) as of December 31, 1999.

(b) A lump sum amount equal to the product of (i), (ii) and (iii) below:

(i) five percent (5%);

(ii) the Participant's "Frozen Three Year Average Compensation" (as hereinafter defined); and

(iii) the Participant's "Frozen Years of Benefit Service" (as hereinafter defined) as of December 31, 1999.

For purposes of this Section 1.32, the following terms shall have the following meanings:

(a) "Frozen Three Year Average Compensation" shall mean the average of the Participant's annual "compensation" (as such term is defined in Section 2.14 of the Appendix A Plan) for the three Frozen Years of Benefit Service during the Participant's last ten "Years of Benefit Service" (as such term is defined in Section 2.70 of the Appendix A Plan) before January 1, 2000 that produces the highest average. If a Participant has less than three Frozen Years of Benefit Service, the Participant's Frozen Three Year Average Compensation shall be the average of his annual Compensation for his total Frozen Years of Benefit Service. For Plan Years that begin prior to October 1, 1993, Frozen Three Year Average Compensation shall be determined by reference to "compensation" (as such term is defined in Section 2.14 of the Appendix A Plan) received by the Participant for

each applicable calendar year. For Plan Years that begin after September 30, 1993, Frozen Three Year Average Compensation shall be based upon the "compensation" (as such term is defined in Section 2.14 of the Appendix A Plan) received by the Participant for each applicable Plan Year. In all cases, Frozen Three Year Average Compensation shall be based upon consecutive Frozen Years of Benefit Service.

(b) "Frozen Years of Benefit Service" means the number of "Years of Benefit Service" (as such term is defined in Section 2.70 of the Appendix A Plan) standing to the Participant's credit as of December 31, 1999.

1.33 "Participant" means an Eligible Employee who becomes a Participant in the Account Balance Plan pursuant to the provisions in Article II. Participant also means any Eligible Employee or former Eligible Employee who is receiving benefit payments under the Account Balance Plan or with respect to whom an Account is being maintained after termination of employment under the Account Balance Plan.

1.34 "Pay-Based Credits" means additions to a Participant's Account determined pursuant to Section 3.2.

1.35 "Plan" means the NBT Bancorp Inc. Defined Benefit Pension Plan as amended and restated effective January 1, 2000, as set forth herein and as may hereafter be amended from time to time. The Plan is a continuation, through amendment and restatement, of the Appendix A Plan.

1.36 "Plan Administrator" means the person, committee or other entity appointed to administer the Plan in accordance with Article XI. The Plan Administrator shall be the "named fiduciary" for the management, operation and administration of the Plan, within the meaning of Section 402(a) of ERISA.

1.37 "Plan Year" means the calendar year.

1.38 "Qualified Domestic Relations Order" means a Domestic Relations Order that creates or recognizes the existence of an Alternate Payee's right to, or assigns to an Alternate Payee the right to, receive all or a portion of the benefits that would otherwise be payable with respect to a Participant under the Plan, and that meets the requirements described in Article XII.

1.39 "Qualified Election" means an election by the Participant that (i) expressly rejects the automatic joint and 50% surviving spouse annuity as described in Section 7.2, (ii) designates the form in which the Participant's Account Balance Accrued Benefit shall be paid (which designation may not be changed without Spousal Consent, unless the change is to elect the automatic joint and 50% surviving spouse annuity), (iii) designates the Beneficiary who is to receive any payments that are to be made after the death of the Participant under such benefit payment form (which designation can not be changed without Spousal Consent, unless the change is to name the Surviving Spouse as

Beneficiary), (iv) is in writing on a form prescribed by Plan Administrator for such purpose, (v) is filed with the Plan Administrator within the period described in Section 7.2(e), and (vi) contains Spousal Consent.

1.40 "Retirement Benefit" means a lump sum payment or a series of monthly payments which are payable to an individual who is entitled to receive benefits under the Account Balance Plan.

1.41 "Service" means the sum of (i) the period of "Service" (if any) standing to an Employee's credit immediately prior to January 1, 2000 in accordance with the provisions of the Appendix A Plan as then in effect, and (ii) the number of Plan Years after December 31, 1999 (or if later the Plan Year that includes the date as of which a Participant first becomes an Employee for purposes of the Plan), and ending with the Plan Year in which such Participant was last employed by the Corporate Group, but excluding each Plan Year in such period during which the Participant had less than 1,000 Hours of Service.

1.42 "Specified Percentage" means, with respect to the amount of Pay-Based Credits with respect to Eligible Compensation for a given Plan Year, five percent (5%) plus, in the case of an individual who was a Participant as of January 1, 2000 and who attained age fifty as of such date, an additional fractional percentage of Eligible Compensation for such Plan Year equal to 0.5% for each year over age forty-nine that the Participant has attained as of January 1, 2000, determined in accordance with the following schedule:

AGE AT 01/01/2000	ADDITIONAL PERCENTAGE
50	0.5%
51	1.0%
52	1.5%
53	2.0%
54	2.5%
55	3.0%
56	3.5%
57	4.0%
58	4.5%
59	5.0%
60	5.5%
61	6.0%
62	6.5%
63	7.0%
64 OR OLDER	7.5%

1.43 "Spousal Consent" means an irrevocable written consent by the Spouse of a Participant to an election by the Participant under Article VII or Article VIII which consent (i) acknowledges the effect of such election, designation or action and (ii) is witnessed by a Plan representative or a notary public. A Spouse shall be deemed to have given such consent if it is established to the satisfaction of the Plan Administrator that actual written consent to an election cannot be obtained from the Spouse because the Spouse cannot be located or because of such other circumstances as may be prescribed in accordance with Treasury Regulation Section 1.401(a)-20, Q&A-27. Any such consent (including such deemed consent) by a Spouse shall be effective only with respect to such Spouse. Except as otherwise provided under Section 1.39, Spousal Consent with respect to a Qualified Election shall be effective only for such election, and any change in such election shall require a new Spousal Consent, unless the Spousal Consent expressly permits the Participant to change such election without obtaining the consent of his Spouse with respect to such change. A former spouse who is treated as a Spouse under Section 1.44 must consent to any election that affects benefit payments, if any, to be made to such former spouse, but no consent shall be required from such former spouse with respect to benefits that are not required to be paid to such former spouse under Article XII. No consent obtained under this Section 1.43 shall be valid unless the Participant has received any notice required under Sections 401(a)(11) and 417 of the Code and the regulations thereunder.

1.44 "Spouse" means, as of any date, the person to whom the Participant is legally married on such date. A former spouse shall be treated as a Spouse to the extent provided under a Qualified Domestic Relations Order.

1.45 "Surviving Spouse" means the Participant's Spouse on such Participant's date of death.

1.46 "Trust," means the legal entity resulting from the Trust Agreement between the Employer and the Trustee.

1.47 "Trust Agreement" means the agreement between the Employer and the Trustee, or any successor Trustee, establishing the Trust and specifying the duties of the Trustee.

1.48 "Trustee" means the trustee or trustees designated by the Board of Directors.

1.49 "Year of Eligibility Service" means a computation period during which an Employee is credited with at least 1,000 Hours of Service.

(a) For purposes of Article II, the first eligibility computation period is the 12-consecutive-month period that begins on the date the Employee first performs an Hour of Service. Succeeding 12-consecutive-month computation periods begin on the first day of each Plan Year thereafter.

(b) For purposes of Article III, each separate Plan Year shall be deemed to be a separate computation period.

The use of the masculine pronoun shall include the feminine gender and the singular shall include the plural whenever appropriate.

ARTICLE II

ELIGIBILITY AND PARTICIPATION

2.1 ELIGIBILITY AND PARTICIPATION REQUIREMENTS:

(a) Each individual who was a participant in the Plan as in effect as of December 31, 1999 was given the opportunity to make a one-time irrevocable election to either participate in the Account Balance Plan or to remain in the Appendix A Plan. Each such individual shall become a Participant in the Account Balance Plan or continue as a Participant in the Appendix A Plan, as of January 1, 2000, in accordance with such individual's election. In no event shall an Employee commence participation in the Account Balance Plan before January 1, 2000.

(b) Each other person who is, or becomes an Eligible Employee on or after January 1, 2000 shall become a Participant in the Account Balance Plan on the first day of the month coincident with or next following the date on which such individual has both attained age 21 and completed a Year of Eligibility Service (or, if later, on the first day of the month thereafter that the individual becomes an Eligible Employee).

(c) The Plan Administrator shall, no later than 90 days after the Eligible Employee commences participation in the Account Balance Plan, advise the Eligible Employee that he has become a Participant, and provide him with information about the Account Balance Plan.

2.2 ABSENCE FROM EMPLOYMENT:

Any person who is absent from the active employment of the Employer on the date he would otherwise become a Participant in the Account Balance Plan, by reason of authorized leave of absence granted by the Employer or by reason of military service, shall automatically become an Participant in the Account Balance Plan as of the date of his return to active employment as an Eligible Employee, subject to the provisions of this Article II.

2.3 INELIGIBLE CLASSIFICATIONS:

An Account Balance Plan Participant who ceases to be an Eligible Employee, but who continues to be an Employee, shall continue to be an Account Balance Plan Participant with respect to his or her existing Account, and such Participant's period of employment shall continue to be considered in determining his years of Service. Interest Credits shall continue but Pay Credits shall be suspended, and benefits shall not be payable from the Account Balance Plan until termination of employment with the Corporate Group or as required by law.

2.4 REEMPLOYMENT:

If a former Account Balance Plan Participant is reemployed as an Eligible Employee, he shall immediately recommence to participate in the Plan and the following rules shall apply:

(a) If the Participant is receiving, or has previously received benefit payments from the Account Balance Plan, his Account upon rehire shall be $0. If he elected an annuity, such annuity shall continue to be paid.

(b) If the Participant had a nonforfeitable right to an Account Balance Accrued Benefit as of the date of the commencement of his break in service, and he has not taken a distribution of his Account, his Account upon rehire shall be redetermined as the Account as of the commencement of his break, plus Interest Credits earned through his date of reemployment.

(c) If the Participant did not have a nonforfeitable right to an Account Balance Accrued Benefit as of the date of the commencement of a break in service, his prior Service shall be restored upon rehire, and his Account shall be redetermined as the Account as of the commencement of his break, plus Interest Credits earned during such break.

The Participant will again be eligible for Pay-Based Credits (in accordance with Section 3.2) and Interest Credits (in accordance with Section 3.3).

In the event of the reemployment on or after January 1, 2000 as an Eligible Employee of an individual who was previously employed as a Participant under the Appendix A Plan, such individual shall be eligible to become a Participant as provided in this Article II, and his or her Account upon rehire shall be $0.

ARTICLE III

ACCOUNTS AND CREDITS TO ACCOUNTS

3.1 ACCOUNTS:

(a) Each Eligible Employee who becomes a Participant in the Account Balance Plan shall have an Account established with respect to such Eligible Employee. Credits shall be made to the Account of each such individual pursuant to the provisions of this Article III. Accounts shall be bookkeeping accounts, and neither the maintenance of, nor the crediting of amounts to, such Accounts shall be treated as (i) the allocation of assets of the Plan to, or a segregation of such assets in, any such Account or (ii) as otherwise creating a right in any person to receive specific assets of the Plan. Benefits provided under the Account Balance Plan shall be paid from the Fund in the amounts, in the forms and at the times provided under the terms of the Account Balance Plan.

(b) When an Account is initially established for an Eligible Employee who was employed prior to January 1, 2000 and who became a Participant as of January 1, 2000 in accordance with Section 2.1(a), such Participant's Account shall be credited with an Opening Account Balance as of January 1, 2000.

3.2 PAY-BASED CREDITS:

(a) As of the last day of each Plan Year beginning on or after January 1, 2000, a Pay-Based Credit shall be made to the Account of each Employee who meets the following two requirements for such Plan Year:

(i) the Employee was a Participant for all or part of such Plan Year, and

(ii) the Employee completed a Year of Eligibility Service for such Plan Year

Such Pay Based Credit shall be equal to the Specified Percentage of the Participant's Eligible Compensation for such Plan Year, but in no event less than $1000 for such Plan Year.

(b) In addition to the Pay-Based Credits made to Accounts pursuant to subsection (a) above, as of the last day of each Plan Year beginning on or after January 1, 2000, a supplemental Pay-Based Credit shall be made to the Account of each Participant specifically designated in Exhibit II who completed a Year of Eligibility Service for such Plan Year, in an amount equal to such percentage of his Eligible Compensation for such Plan Year as is designated for such Participant in Exhibit II.

(c) Notwithstanding the foregoing, Pay-Based Credits shall also be credited to the Account of a Participant who is a Disabled Participant based on the Disabled Participant's Eligible Compensation actually paid during the last full Plan Year before becoming a Disabled Participant. Such Pay-Based Credits shall continue to be made until the earlier of (i) the date he ceases to be a Disabled Participant, (ii) his Normal Retirement Date, or (iii) the Disabled Participant elects a Benefit Commencement Date.

3.3 INTEREST CREDITS:

As of the last day of each Plan Year beginning on or after January 1, 2000, each Participant's Account shall be automatically increased by crediting the balance in such Account as of the last day of the preceding Plan Year with an Interest Credit equal to the Interest Credit Rate for such year multiplied by the Participant's Account as of the last day of the preceding Plan Year. Such Interest Credits shall continue after a Participant ceases to be an Eligible Employee; provided, however, that no Interest Credit shall be made to a Participant's Account for any calendar month beginning on or after his Benefit Commencement Date, unless his benefit is being paid solely to comply with Section 401(a)(9) of the Code. During the Plan Year in which a Participant's Benefit Commencement Date occurs, he shall be entitled to a partial year of Interest Credits determined on a pro rata basis by determining the number of completed full months prior to the Participant's Benefit Commencement Date over 12 months.

3.4 CREDIT FOR MILITARY SERVICE:

Notwithstanding any provision of this Account Balance Plan to the contrary, Employer contributions, benefits, and Service with respect to qualified military service will be provided in accordance with section 414(u) of the Code.

ARTICLE IV

RETIREMENT BENEFITS

4.1 NORMAL RETIREMENT BENEFIT:

Each Participant who retires from employment on his Normal Retirement Date shall be entitled to receive a Retirement Benefit, commencing as of such Normal Retirement Date, equal to such Participant's Account Balance Accrued Benefit as of such Normal Retirement Date, payable as provided in Section 7.

4.2 LATE RETIREMENT BENEFIT:

If a Participant remains employed beyond his Normal Retirement Date, such Participant shall be entitled to receive a Retirement Benefit equal to such Participant's Account Balance Accrued Benefit as of his actual retirement date, payable as provided in Section 7.

4.3 EARLY RETIREMENT BENEFIT:

At any time within ten years prior to his Normal Retirement Date, and provided he has completed five or more years of Service, a Participant may elect, by providing advance notice in such manner as the Plan Administrator shall prescribe, to retire early from the Plan. In such case, he shall receive a deferred Retirement Benefit equal to his Account Balance Accrued Benefit commencing on his Normal Retirement Date, payable as provided in Section 7, except as is otherwise hereinafter provided.

Subject to such rules as the Plan Administrator shall prescribe, any Participant who retires in accordance with this Section 4.3 may elect, in such manner as the Plan Administrator shall prescribe, to receive a Retirement Benefit as of any Benefit Commencement Date selected by him which is on or after his termination of employment and prior to his Normal Retirement Date, in an amount which, if payable as a lump sum, shall be equal to the value of his Account as of such Benefit Commencement Date, and if payable as an annuity as provided in Section 7, the annual amount of such annuity shall be equal to his Account Balance Accrued Benefit as of such Benefit Commencement Date, reduced by one-quarter of one percent (1/4%) for each month that the Participant's Benefit Commencement Date precedes the Participant's Normal Retirement Date.

4.4 VESTED BENEFIT:

A Participant who has a nonforfeitable right to his Account Balance Accrued Benefit in accordance with Subsection 5.1(a) shall be entitled to receive a Retirement Benefit as provided in Article V.

4.5 DISABILITY RETIREMENT BENEFIT:

If a Participant becomes a Disabled Participant while employed as an Eligible Employee, an Account shall continue to be maintained under the Account Balance Plan on his behalf during such period of Disability and shall be credited with Pay Credits (based on the Eligible Compensation actually paid during the last full Plan Year before becoming a Disabled Participant) during such period of Disability prior to his attaining his Normal Retirement Date (or, if earlier, the date on which the Disabled Participant elects a Benefit Commencement Date). In addition, Interest Credits shall be made to the Account of such Disabled Participant until there is a Benefit Commencement Date. After the Disabled Participant either attains Normal Retirement Age or is no longer deemed to be Disabled, the Participant shall be entitled to receive a Retirement Benefit in accordance with the provisions of Section 4.1 or 4.3, whichever is applicable.

4.6 NONDUPLICATION OF BENEFITS:

The amount of a Participant's Retirement Benefit shall be reduced by that portion of any retirement income, payable from any source other than this Account Balance Plan, to which he is entitled under any pension plan maintained by a member of the Corporate Group which is intended to be tax-qualified under section 401(a) of the Code (other than a profit sharing or stock bonus plan which is intended to be tax-qualified under section 401(a) of the Code) which is attributable to a period of employment for which he receives a benefit from this Account Balance Plan, except that no such reduction shall be made for that part of any such retirement income which is attributable to contributions made by him. For the purpose of computing the amount of such reduction, any such retirement income, payment of which is to commence other than at the Employee's Normal Retirement Date under this Account Balance Plan, or payment of which is to be made on a basis other than a retirement income for life, shall be recomputed as an Actuarial Equivalent reduction of the Account.

Furthermore, an Eligible Employee who is earning credited service for benefits under any other qualified defined benefit pension plan of the Employer or other member of the Corporate Group (including the Appendix A Plan), shall not be eligible to become a Participant in the Account Balance Plan until he no longer is so earning credited service, and shall not be entitled to Pay Credits under this Account Balance Plan with respect to any period during which he has earned credited service under such other pension or retirement plan.

ARTICLE V

VESTING

5.1 BENEFIT ON TERMINATION OF EMPLOYMENT PRIOR TO NORMAL RETIREMENT DATE:

(a) A Participant's vested interest in his Account Balance Accrued Benefit shall be determined by his years of Service in accordance with the following schedule:

YEARS OF SERVICE	VESTED PERCENTAGE
fewer than 5	0%
5 or more	100%

(b) Notwithstanding the foregoing,

(i) in no event shall an individual who both (A) participated in the Plan prior to January 1, 2000 and (B) becomes a Participant in the Account Balance Plan pursuant to Subsection 2.1(a) have a nonforfeitable right to a percentage of his Account Balance Accrued Benefit which is less than such percentage would have been had the vesting provisions of the Plan as in effect immediately prior to January 1, 2000 remained unchanged on and after January 1, 2000; and

(ii) the Account Balance Accrued Benefit of a Participant shall in all events be 100% vested and nonforfeitable upon his attainment of age 65 while still employed by the Employer or other member of the Corporate Group.

5.2 PAYMENT OF VESTED BENEFIT:

Except as is otherwise hereinafter provided, if a vested terminated Participant survives to his Normal Retirement Date, he shall be entitled to receive a Retirement Benefit, commencing on his Normal Retirement Date, equal to his Account Balance Accrued Benefit as of his Normal Retirement Date, payable as provided in Section 7.

Subject to such rules as the Plan Administrator shall prescribe, any vested terminated Participant may elect, in such manner as the Plan Administrator shall prescribe, to receive a Retirement Benefit as of any Benefit Commencement Date selected by him which is on or after his termination of employment and prior to his Normal Retirement Date, in an amount which, if payable as a lump sum, shall be equal to the value of his Account as of such Benefit Commencement Date, and if payable as an annuity as provided in Section 7, shall be equal to the Actuarial

Equivalent of his Account Balance Accrued Benefit as of such Benefit Commencement Date; provided, however, that if the vested terminated Participant's Benefit Commencement Date is on or after he attains age fifty-five, the annual amount of such annuity shall be equal to his Account Balance Accrued Benefit as of such Benefit Commencement Date, reduced by one-quarter of one percent (1/4%) for each month that the vested terminated Participant's Benefit Commencement Date precedes the vested terminated Participant's Normal Retirement Date.

Notwithstanding the foregoing,

(a) if the value of a vested terminated Participant's vested Account as of the date of such Participant's termination of employment does not exceed $5,000 and did not exceed $5,000 at the time of any prior distribution, the vested value of the Participant's Account shall be paid to such Participant as soon as practicable thereafter in a single lump sum; and

(b) in the case of a Participant who has no vested interest in his Account Balance Accrued Benefit on the date he terminates employment, such Participant shall be deemed to have been cashed out as of his or her date of termination, and he or she shall have no further interest in the Plan, except as provided in Section 2.4.

ARTICLE VI

PRERETIREMENT DEATH BENEFITS

6.1 BENEFIT PAYABLE UPON DEATH BEFORE BENEFIT COMMENCEMENT DATE:

If a Participant who is an Employee, a Disabled Participant, or a vested terminated Participant dies before his Benefit Commencement Date but on or after the date he becomes vested in accordance with Section 5.1, a benefit shall be payable to his Beneficiary or Surviving Spouse as follows:

(a) If the Participant does not have a Surviving Spouse (or if a married Participant has designated, with appropriate Spousal Consent, as provided in Section 8.1, a Beneficiary other than his Spouse), there shall be paid to his Beneficiary as soon as practicable after the Participant's death (but in no event later than the December 31 of the Plan Year which contains the fifth anniversary of the Participant's death), a single sum amount equal to 100% of the value of his Account as of the last day of the month in which the death of the Participant occurs, plus applicable Interest Credits through the Benefit Commencement Date.

(b) Except as is otherwise provided in Section 6.1(a) above, if the Participant has a Surviving Spouse, such Surviving Spouse shall be entitled to receive a Retirement Benefit for her life commencing on the date the Participant would have attained his Normal Retirement Date if he had survived to such date (the "Preretirement Survivor Annuity"). Such benefit to the Surviving Spouse shall be a single life annuity, payable monthly, where such annuity is the Actuarial Equivalent of the Account Balance Accrued Benefit to which such Participant would have been entitled had he terminated employment on his date of death, survived to his Normal Retirement Date, and commenced to receive a Retirement Benefit as of such date. Notwithstanding the foregoing, the Surviving Spouse of a Participant may elect to commence receiving a Retirement Benefit for her life in the form of a single life annuity commencing on the first day of any month on or after the date the Participant died. The monthly amount of such benefit to the Surviving Spouse shall equal the monthly amount payable under a single life annuity where such single life annuity is the Actuarial Equivalent of the Account Balance Accrued Benefit to which such Participant would have been entitled had he terminated employment on his date of death, survived to such commencement date, and commenced to receive a Retirement Benefit as of such date. Alternatively, the Surviving Spouse may request to receive, in lieu of any other benefits under the Plan to which she would otherwise be entitled, a distribution of the value of the Participant's Account as of his date of death, payable as soon as practicable after the Participant's death, in a single lump sum.

(c) Notwithstanding the foregoing, if the value of the Participant's Account as of his date of death does not exceed $5,000, the Account shall be distributed to the Surviving Spouse or Beneficiary as soon as practicable after the death of the Participant. Such payment shall be in full settlement of the benefit that otherwise would be payable under this Article VI.

ARTICLE VII

PAYMENT OF BENEFITS

7.1 NORMAL FORM OF BENEFIT FOR A PARTICIPANT WITHOUT A SPOUSE:

If a Participant does not have a Spouse on his Benefit Commencement Date, the Retirement Benefit payable to such Participant pursuant to this Account Balance Plan shall be a monthly annuity, payable in the Normal Form, in an amount equal to the Actuarial Equivalent of his Account Balance Accrued Benefit as of his Benefit Commencement Date; PROVIDED, HOWEVER that during the period commencing 90 days before the beginning of the month in which his Benefit Commencement Date falls, and ending 60 days after such date, such Participant may elect, by filing the appropriate form with the Plan Administrator that his Retirement Benefit be paid in another permitted optional form of benefit described in Section 7.3.

7.2 NORMAL FORM OF BENEFIT FOR A PARTICIPANT WITH A SPOUSE:

The Normal Form of benefit for a Participant with a Spouse shall be as follows:

(a) If a Participant has a Spouse on his Benefit Commencement Date, unless a Qualified Election has been made (if required) and another form of benefit payment has been elected pursuant to paragraph (e) of this Section 7.2, the Retirement Benefit payable to such Participant pursuant to Article IV shall be a joint and 50% surviving spouse annuity (i.e., the Joint and 50% Survivor Annuity) the amount of which is the Actuarial Equivalent of the Normal Form of benefit that would have been payable to the Participant if the Participant was not married on his Benefit Commencement Date.

Such joint and 50% surviving spouse annuity is a level monthly annuity under which (i) the Participant shall receive a level monthly annuity for life and (ii) following the Participant's death the Participant's Spouse shall receive a level monthly annuity for life with the monthly annuity payment equal to 50% of the monthly annuity which would have been payable to the Participant had he lived.

(b) If the Participant's Spouse dies after the Participant's Benefit Commencement Date (but before the Participant), the Participant shall continue to receive the same amount payable to such Participant under the joint and 50% surviving spouse annuity form (i.e., the Joint and 50% Survivor Annuity) for the remainder of the Participant's lifetime, with the last payment to be made for the month in which his death occurs. Thereafter no further benefits shall be payable under the Account Balance Plan with respect to the Participant, whether or not the Participant has subsequently remarried. The individual who is the Participant's Spouse on the Participant's Benefit Commencement

Date shall be treated as his Spouse for purposes of this Section 7.2 so long as such Spouse shall live, whether or not the Spouse is subsequently divorced from the Participant or the marriage otherwise terminated after the Participant's Benefit Commencement Date, except as a Qualified Domestic Relations Order shall otherwise provide.

(c) Not more than 90 days, and not less than 30 days, before the Benefit Commencement Date, a Participant shall be furnished a written explanation of:

(i) the terms and conditions of the Normal Form;

(ii) the right of the Participant to make, and the effect of, a Qualified Election to reject the Normal Form;

(iii) the right of the Participant's Spouse to consent or not to consent to such Qualified Election; and

(iv) a general description of the eligibility conditions and other material features of the optional forms of benefits available under the Account Balance Plan.

(d) Notwithstanding the foregoing, a Participant may elect to have his benefit commence as of a Benefit Commencement Date even if the Benefit Commencement Date is less than 30 days after the written explanation was provided to the Participant if the following conditions are satisfied:

(i) the written explanation is provided to the Participant no later than the Benefit Commencement Date,

(ii) the written explanation explains that the Participant has the right to at least 30 days from the time that such written explanation is provided to make a Qualified Election,

(iii) the Participant is permitted to revoke the Qualified Election at any time during the 30-day period referred to in subsection (ii) above, or the end of the 7 day period beginning on the day after the written explanation is provided to the Participant, if later,

(iv) distribution of benefits does not begin before the 7-day period described above expires (which date may be later than the Benefit Commencement Date), and

(v) the Participant makes a Qualified Election no later than 90 days after the Benefit Commencement Date.

(e) A Participant may reject the joint and 50% surviving spouse that otherwise would be payable annuity (i.e., the Joint and 50% Survivor Annuity), and elect an optional form of

benefit under Section 7.3 below, by filing a Qualified Election with the Plan Administrator during the period commencing 90 days before the Benefit Commencement Date and ending on the day prior to such date (or the date specified in subsection (d) above if the benefit will commence in accordance with the rules of subsection (d) above). Revocation of a prior Qualified Election may be made by a Participant before the Benefit Commencement Date (or the date specified in (d) above if the benefit will commence in accordance with the rules of subsection (d) above) by filing the appropriate form with the Plan Administrator. The number of revocations and Qualified Elections permitted under this Section (e) is unlimited.

7.3 OPTIONAL FORMS OF BENEFIT:

(a) The optional forms of benefit (which shall each be the Actuarial Equivalent of the Normal Form) provided in this Section 7.3 shall be available only to (i) a Participant who is not married on the Benefit Commencement Date and (ii) a Participant who is married on the Benefit Commencement Date if a Qualified Election, made in accordance with Section 7.2, is in effect on such Benefit Commencement Date (except as provided below).

(b) The optional forms of benefit are the following:

(i) JOINT AND 100% SURVIVOR ANNUITY. A reduced retirement benefit payable during the Participant's lifetime, with the provision that after his death the same benefit shall be paid during the life of such contingent annuitant (Beneficiary) as the Participant shall have nominated by written designation duly acknowledged and filed with the Plan Administrator prior to the Benefit Commencement Date.

(ii) JOINT AND 100% SURVIVOR ANNUITY WITH 5 OR 10 YEARS CERTAIN. A reduced retirement benefit payable during the Participant's lifetime, with the provision that after his death the same benefit shall be paid during the life of such contingent annuitant (Beneficiary) as the Participant shall have nominated by written designation duly acknowledged and filed with the Plan Administrator prior to the Benefit Commencement Date. If both the Participant and the contingent annuitant die before 60 or 120 monthly payments have been made since the Benefit Commencement Date, the Actuarial Equivalent value of the balance of such 60 or 120 monthly payments, as applicable, shall be paid in a single sum to the estate of the survivor of the Participant and contingent annuitant.

(iii) JOINT AND 50% SURVIVOR ANNUITY WITH 5 OR 10 YEARS CERTAIN. A reduced retirement benefit payable during the Participant's life with the provision that after such period a benefit of one-half of the benefit payable during the Participant's life shall be continued during the life of such contingent annuitant (Beneficiary) as the Participant shall have nominated by written designation duly acknowledged

and filed with the Plan Administrator prior to the time payment is to commence. If both the Participant and the contingent annuitant die before 60 or 120 monthly payments have been made since the Benefit Commencement Date, the Actuarial Equivalent value of the balance of such 60 or 120 monthly payments, as applicable, shall be paid in a single sum to the estate of the survivor of the Participant and contingent annuitant.

(iv) LIFE ANNUITY WITH TEN YEARS CERTAIN. A reduced retirement benefit payable during the Participant's life, with no benefit payable after his death; provided, however, that if the Participant shall die before having received 120 monthly payments, such monthly payments shall continue to be paid to his Beneficiary until the total number of payments to the Participant and the Beneficiary equals 120. If the Participant and Beneficiary both die before having received a total of 120 monthly payments, the Actuarial Equivalent value of the balance of unpaid monthly payments shall be paid in a single sum to the estate of the survivor of the Participant and Beneficiary.

(v) STRAIGHT LIFE ANNUITY. An increased retirement benefit payable during the Participant's life, with no other benefit payable after his death.

(vi) SINGLE LUMP SUM PAYMENT. A lump sum payment equal to the value of the Participant's Account as of the Benefit Commencement Date.

7.4 CLAIM FOR BENEFIT:

(a) A Participant must file a claim for benefits before payment of benefits shall commence. The claim for benefits shall be in writing, in such form as the Plan Administrator shall designate.

(b) The claim for benefits shall specify the date as of which payments are to commence, consistent with the provisions of the Account Balance Plan for commencement of benefits.

(c) The claim for benefits shall include a certification by the Participant either (i) that the Participant is not married or (ii) that the Participant is married and the name and date of birth of the individual to whom the Participant is married. The certification by the Participant as to the Participant's marital status shall be binding upon the Participant.

7.5 STATUTORY COMMENCEMENT OF BENEFITS:

Except as is otherwise provided in Section 7.8, payment of a Participant's Retirement Benefit shall begin no later than as soon as administratively practicable following the latest of (i) the Participant's 65th birthday, (ii) the tenth anniversary of the date on

which he became a Participant, or (iii) the date he terminates service with the Employer, (but not more than 60 days after the close of the Plan Year in which the latest of (i), (ii) or (iii) occurs).

7.6 CASHOUTS:

If the vested value of the Participant's Account as of the date of a Participant's termination of employment (or as soon as practicable thereafter) does not exceed the applicable limit under section 411(a)(11)(A) of the Code, such Account shall be paid to the Participant as soon as practicable thereafter in a single lump sum. This distribution may be made prior to the Participant's Normal Retirement Date and without obtaining the Participant's consent. No distribution in excess of the applicable amount under section 411(a)(11)(A) of the Code may be made without the consent of the Participant and, if the Participant is then lawfully married, the consent of his Spouse in writing and witnessed by a notary public.

If the vested Participant's Account as of the date of such Participant's termination of employment (or as soon as practicable thereafter) is zero, the Participant shall be deemed to have received a payment of his entire vested Account Balance Accrued Benefit under the Account Balance Plan as of the date he or she ceased to be an Employee. A payment (or deemed payment) under this Section 7.6 shall be in full settlement of the Participant's benefits under the Account Balance Plan.

7.7 DEFERRED BENEFIT COMMENCEMENT DATE:

Upon termination of a Participant's employment for any reason after his Normal Retirement Date, the Plan Administrator shall direct the Trustee to commence payment of the Participant's Account Balance Accrued Benefit to him (or to his Beneficiary, if the Participant is deceased), in accordance with the provisions of Article VII not later than 60 days after the close of the Plan Year in which the Participant's employment terminates.

7.8 MINIMUM REQUIRED DISTRIBUTIONS:

Notwithstanding anything else to the contrary herein, a Participant's Account Balance Accrued Benefit may not be distributed under a method of payment which, as of the "required beginning date" (as defined in section 401(a)(9) of the Code and applicable guidance promulgated by the Internal Revenue Service), does not satisfy the minimum distribution requirements under section 401(a)(9) of the Code and the applicable Treasury regulations. The Participant's Account Balance Accrued Benefit will be distributed, beginning not later than the required beginning date, over the life of the Participant or over the lives of the Participant and his Beneficiary (or over a period not extending beyond the Participant's life expectancy or the life expectancy of the Participant and his Beneficiary).

Participants attaining age 70 1/2 in 2000 and later years shall have the following required beginning date:

(a) a Participant who is a 5% owner (as defined in Section 416(i) of the Code), shall commence to receive payment of his benefit no later than the April 1 of the calendar year following the calendar year in which such Participant attains 70 1/2; and

(b) a Participant who attained age 70 1/2 after December 31, 1999 and who is not a 5% owner, shall commence to receive payment of his benefit no later than the April 1 of the calendar year following the later of (i) the calendar year in which the Participant attains age 70 1/2, or (ii) his termination of employment with the Employer or any member of the Corporate Group.

Applicable life expectancies will be determined under the unisex life expectancy multiples under Treasury Regulation section 1.72-9. If the Participant's Spouse is not his designated Beneficiary, a method of payment to the Participant must satisfy the minimum distribution incidental benefit requirements in the Treasury regulations issued pursuant to section 401(a)(9) of the Code.

7.9 DIRECT ROLLOVER FROM THE ACCOUNT BALANCE PLAN:

Notwithstanding any provision of the Account Balance Plan to the contrary that would otherwise limit a distributee's election under this Section 7.9, a distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.
For purposes of this Section,

(a) An "eligible rollover distribution" is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:

(i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated Beneficiary, or for a specified period of ten years or more;

(ii) any distribution to the extent such distribution is required under section 401(a)(9) of the Code;

(iii) the portion of any distribution that is not includable in gross income; and

(iv) any distribution with a value of $200 or less.

(b) An "eligible retirement plan" is an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in section 403(b) of the Code, or a qualified trust described in section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. However, for an eligible rollover distribution to a surviving Spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity. Notwithstanding anything herein to the contrary, only one eligible retirement plan may be designated for any eligible rollover distribution.

(c) A "distributee" includes an Employee or former Employee. In addition, the Employee's or former Employee's Spouse or former spouse who is the Alternate Payee under a qualified domestic relations order, as defined in section 414(p) of the Code, are distributees with regard to the interest of the Spouse or former spouse.

(d) A "direct rollover" is a payment by the Account Balance Plan to the eligible retirement plan specified by the distributee. Notwithstanding anything herein to the contrary, only one direct rollover may be made for any eligible rollover distribution.

ARTICLE VIII

BENEFICIARY

8.1 BENEFICIARY:

(a) A Participant who has a Surviving Spouse at the date of his death after his Benefit Commencement Date shall automatically be deemed to have designated such Spouse as his Beneficiary unless (i) the Participant makes a Qualified Election to designate a different Beneficiary and the Surviving Spouse of such Participant gives Spousal Consent to such designation, or (ii) it is established to the satisfaction of the Plan Administrator or its designee that the consent of the Surviving Spouse cannot be obtained because the Surviving Spouse cannot be located or because of other special circumstances as prescribed by law.

A Participant may designate a Beneficiary or Beneficiaries to receive a death benefit in the event the Participant dies prior to his Benefit Commencement Date. Such death benefit shall be payable as provided in Section 6. Any such designation shall be made, and may be changed or revoked, by filing the appropriate form with the Plan Administrator within such time period as the Plan Administrator shall prescribe. Notwithstanding the foregoing, a Participant who has a Surviving Spouse at the date of his death before his Benefit Commencement Date shall automatically be deemed to have designated such Spouse to receive such preretirement death benefit unless such Participant designates, with Spousal Consent, another Beneficiary to receive a preretirement death benefit. Any such designation of a nonspousal Beneficiary for such preretirement death benefit made prior to the date on which a married Participant attains age 35 shall be null and void, provided, the married Participant may redesignate a Beneficiary other than his Surviving Spouse (with Spousal Consent) on or after attaining age 35.

For purposes of this Section 8.1, the term Surviving Spouse shall also include an individual to whom the Participant was previously married to the extent so required under the terms of a Qualified Domestic Relations.

(b) Subject to the provisions of Section 8.1(a) above, a Beneficiary designation shall be made, and may be changed or revoked, by filing the appropriate form with the Plan Administrator or its designee. If more than one person is designated each shall have an equal share unless the designation directs otherwise. Any designation, change or revocation by a Participant shall be effective only if it is received by the Plan Administrator or its designee before the death of such Participant. For purposes of this Section 8.1, the term "person" includes an individual, a trust or an estate. If no Beneficiary designation is on file with the Plan Administrator or its designee at the

Participant's death, or if any designation is not effective for any reason as determined by the Plan Administrator or its designee, the benefit payable under the Plan shall be paid to the following persons in the following order of priority: (a) the Spouse; (b) children, including adopted children and step-children, in equal shares; (c) parents, in equal shares, and(d) the Participant's estate. This order of priority shall apply to individuals living at the time of the Participant's death.

ARTICLE IX

LIMITATIONS ON BENEFITS

9.1 MAXIMUM LIMITATIONS:

The provisions of this Section 9.1 shall be construed consistently with Section 415 of the Code.

(a) Maximum Benefit

(i) Any other provision of the Plan to the contrary notwithstanding, with respect to periods on and after January 1, 2000, the maximum annual benefit under the Account Balance Plan (exclusive of any benefits derived from the Employee's own contributions and exclusive of any benefits which are not directly related to retirement income benefits) shall, subject to the following provisions of this Section 9.1, not exceed the lesser of:

(A) $135,000, or

(B) 100% of the Employee's average "compensation" (as defined herein) from the Corporate Group (as modified pursuant to section 415(h) of the Code) during the three consecutive calendar years of participation during which his compensation was highest.

The applicable maximum described in (A) or (B) above shall apply to a retirement benefit payable in the form of a single life annuity or a "qualified joint and survivor annuity" (as hereinafter defined).

(ii) For a benefit not payable in the form of an annual straight life annuity within the meaning of Section 415(b)(2)(A) of the Code, the maximum annual benefit shall be adjusted as follows when applying the limits described in (1) (A) and (B) above. The annual benefit is determined in the form of a straight life annuity commencing at the annuity starting date that is actuarially equivalent to the plan benefit. For this purpose, the actuarially equivalent benefit must be the greater of the equivalent annual benefit calculated using the factors set forth in Exhibit I of the Account Balance Plan for the particular form of benefit payable and the equivalent annual benefit calculated using the Applicable 415 Rate and the Applicable Mortality Table. The amount determined under this paragraph (2) cannot exceed the lesser of (a) the amount determined under paragraph (3), (4), or (5) below (as applicable), or (b) the amount determined under subparagraph (1) (b) above.

(iii) In the event that retirement benefits commence under the Account Balance Plan at or after age 62 but prior to an Employee's "Social Security Retirement Age" (as defined in Section 415(b)(8) of the Code), the $135,000 limitation described in (A) above shall be reduced by 5/9 of 1% for each of the first 36 months by which the commencement date precedes the Employee's Social Security Retirement Age, and by 5/12 of 1% for each additional month by which such commencement date precedes the Employee's Social Security Retirement Age.

(iv) If the commencement date is earlier than age 62, reduced to the actuarial equivalence of the amount determined under (3) above applicable at age 62 based on either (a) the factors set forth in Exhibit I of the Plan for the particular form of benefit payable and (b) the Applicable Mortality Table and 5%, whichever would yield the lesser limitation.

(v) In the event that retirement benefits commence under the Account Balance Plan after the Employee's attainment of his or her "Social Security Retirement Age", the determination as to whether the $135,000 limitation described in (A) above has been satisfied shall be made in accordance with guidance issued by the Internal Revenue Service, by increasing such limitation actuarially to the equivalent of $135,000 commencing at such "Social Security Retirement Age". The increased limitation shall be based on the Applicable Mortality Table and an interest rate no greater than the lesser of (a) the factors set forth in Exhibit I of the Plan for the particular form of benefit payable and (b) 5%.

(vi) If the Employee has fewer than ten (10) years of Service, the applicable maximum described in (b) above shall be multiplied by a fraction of which the numerator is his or her years of Service and the denominator is ten (10). If the Employee has fewer than ten (10) years of participation in the Plan, the applicable maximum described in (a) above shall be multiplied by a fraction of which the numerator is his or her years of participation and the denominator is ten (10).

(vii) The $135,000 limitation described in (A) above shall be adjusted for increases in the cost of living in accordance with regulations prescribed by the Internal Revenue Service under Section 415(d) of the Code.

(viii) "Qualified joint and survivor annuity" means an annuity for the life of the Employee with a survivor annuity for the life of his or her spouse which is not less than one-half of, or greater than, the amount of the annuity payable during the joint lives of the Employee and spouse and which is the actuarial equivalent of a single life annuity for the life of the Employee, as determined in accordance with the factors set forth in Exhibit I of the Plan.

(ix) "Compensation" means the Participant's compensation as defined in Treasury Regulation section 1.415-2(d) for services actually rendered in the course of employment with a member of the Corporate Group (as modified pursuant to section 415(h) of the Code.

(x) "Applicable Mortality Table" means the mortality table based on the prevailing commissioners' standard table (described in Section 807(d)(5)(A) of the Code) used to determine reserves for group annuity contracts issued on the date as

of which present value is determined (without regard to any other subparagraph of Section 807(d)(5) of the Code), that is prescribed by the Commissioner of the Internal Revenue Service in revenue rulings, notices, or other guidance, published in the Internal Revenue Bulletin.

(xi) "Applicable Interest Rate" means for any distribution the annual interest rate on 30-year Treasury securities as specified by the Commissioner of the Internal Revenue Service in revenue rulings, notices or other guidance, published in the Internal Revenue Bulletin, for the month of November of the Plan Year preceding the Plan Year in which the annuity starting date occurs (resulting in a one year stability period).

(xii) "Applicable 415 Rate" means, in the case of a distribution in a form of benefit not subject to Section 417(e) of the Code, 5%, and in the case of a distribution in a form of benefit subject to Section 417(e)(3) of the Code, the Applicable Interest Rate.

(b) Repeal of Provision

Should Congress provide by statute, or the Internal Revenue Service provide by regulation or ruling, that any or all of the conditions set forth in this Section 9.1 are no longer necessary for the Plan to meet the requirements of Section 401(a) or other applicable provisions of the Code then in effect, such conditions shall immediately become void and shall no longer apply, without the necessity of further amendment to the Plan.

9.2 PRE-TERMINATION RESTRICTIONS:

(a) The purpose of this Section 9.2 is to conform the Plan to the requirements of Treasury Regulation Sections 1.401-4(c) and 1.401(a)(4)-5(b).

(i) In the event of the termination of the Plan, the benefit of any Highly Compensated Employee shall in no event exceed an amount that is nondiscriminatory under Section 401(a)(4) of the Code.

(ii) The annual payments to an Employee described in Section 9.2(a)(iii) may not exceed an amount equal in each year to the payments that would be made on behalf of the Participant under a straight life annuity that is the Actuarial Equivalent value of the Participant's Account Balance Accrued Benefit and the other benefits to which the Participant is entitled under the Plan. Notwithstanding the foregoing, the restrictions of this subparagraph (ii) do not apply if any one of the following requirements is satisfied:

(A) after payment to an Employee described in Section 9.2(a)(iii) of all "benefits", as described in Section 9.2(a)(iv), the value of Plan assets equals or exceeds 110 percent of the value of "current liabilities" (as defined in Section 412(l)(7) of the Code);

(B) the value of the "benefits", as described in Section 9.2(a)(iv), for a Participant described in Section 9.2(a)(iii) is less than 1 percent of the value of such current liabilities of the Plan, or

(C) the value of the "benefits", as described in Section 9.2(a)(iv), for a Participant described in Section 9.2(a)(iii) does not exceed $5,000.

Furthermore, this subparagraph (ii) and Treasury Regulation Section 1.401(a)(4)-5(b)(3) shall not restrict any distribution to a Participant who agrees, by an adequately secured written agreement with the Plan Administrator to repay to the Plan and Trust Fund any amount necessary for the distribution of assets upon Plan termination to satisfy Section 401(a)(4) of the Code.

(iii) The Participants whose benefits are restricted on distribution consist of the 25 Highly Compensated Employees whose "compensation", within the meaning of Section 414(q) of the Code, was the highest in the current or any prior Plan Year.

(iv) For purposes of Section 9.2(a)(ii)(A) the term "benefits" includes, in addition to other benefits payable under the Plan, loans in excess of the amounts set forth in Section 72(p)(2)(A) of the Code, any periodic income, any withdrawal values payable to a living Employee, and any death benefits not provided for by insurance on the Employee's life.

(b) In the event that Congress should provide by statute, or the Internal Revenue Service should provide by regulation or ruling, that any or all of the conditions set forth in Section 9.2(a) are no longer necessary for the Plan to meet the requirements of Section 401 or other applicable provisions of the Code then in effect, such conditions shall immediately become void and shall no longer apply, without the necessity of further amendment to the Plan.

ARTICLE X

FINANCING

10.1 FUND.

The funding of the Account Balance Plan and payment of benefits shall be provided for through the medium of the Fund held by the Trustee under the provisions of the Trust Agreement, which is deemed to form a part of the Plan. All rights or benefits which may accrue to any person under the Account Balance Plan shall be subject to the Trust Agreement. The names of the current Trustees are available from the Secretary of the Employer. The contributions of the Employer, together with any income, gains, or profits, less distributions and losses, shall constitute the Fund. The Employer shall determine the form and terms of any such Trust Agreement, and may modify the Trust Agreement from time to time to accomplish the purposes of the Plan, and may remove any Trustee.

10.2 CONTRIBUTIONS TO THE PLAN.

The Employer intends to make, from time to time, such contributions to the Fund as determined by the Plan Administrator. Expenses of the Account Balance Plan, unless paid by the Employer, shall be paid out of the assets of the Fund. There are no Employee contributions to the Account Balance Plan.

10.3 FUNDING POLICY.

The Plan Administrator shall establish a written funding policy and method consistent with the objectives of the Account Balance Plan and the requirements of Title I of ERISA. The Plan Administrator shall review such funding policy and method at least annually. In its actions, the Plan Administrator shall endeavor to determine the Account Balance Plan's short-term and long-term objectives and financial needs, taking into account the need for liquidity to pay benefits and the need for investment growth. All actions under this Section, including the supporting reasons, shall be recorded in writing by the Plan Administrator and communicated to the Trustee and Board of Directors.

10.4 RETURN OF EMPLOYER CONTRIBUTIONS.

Contributions shall be returned to the Employer by the Trustee, if the Plan Administrator certifies in writing to the Trustee that one or more of the following circumstances exists:

(a) If the Employer made a contribution by mistake of fact, the contribution shall be returned to the Employer within one year after its payment to the Trustee.

(b) If the Employer made the contribution conditioned on the qualification of the Account Balance Plan under the Code, and if the Account Balance Plan receives an adverse determination with respect to its initial qualification, the contribution shall be returned to the Employer within one year after such final determination, but only if the application for the determination is made by the time prescribed by law for filing the Employer's tax return for the taxable year in which the Account Balance Plan was adopted, or such later date as the Secretary of the Treasury may prescribe.

(c) To the extent that a deduction for a contribution under Section 404 of the Code is disallowed, the contribution shall be returned to the Employer within one year after the disallowance (or within one year after the date a court decision upholding the disallowance becomes final).

With respect to the return of contributions occasioned by the circumstances listed in subsections (a) and/or (c) above, the amount which shall be returned to the Employer is the excess of the amount contributed over the amount that would have been contributed had there not occurred a mistake of fact or a mistake in determining the deduction. Earnings attributable to the excess contribution shall not be returned to the Employer, but losses attributable to the contribution must reduce the amount to be returned.

ARTICLE XI

ADMINISTRATION

11.1 PLAN ADMINISTRATOR

(a) The Plan Administrator shall be the named fiduciary for the Account Balance Plan and shall be responsible for the management, operation and administration of the Account Balance Plan.

(b) The Board of Directors shall have the authority to appoint an individual or other entity, or a committee consisting of three members to be the Plan Administrator, and to fill any vacancies which occur, in its sole discretion. Any appointee is subject to removal by the Board of Directors at any time, and may resign at his own volition upon 10 days prior written notice to the Board of Directors. If at any time there is no appointed Plan Administrator because vacancies have not been filled, the Board of Directors shall be deemed the Plan Administrator. Names of all current appointees shall be available from the Secretary of the Employer.

(c) If the Plan Administrator is a committee, any act that this Account balance Plan authorizes or requires the Plan Administrator to do may be done at a meeting of the committee by a majority of the members then voting.

(d) The Board of Directors will appoint a chairman and a secretary and such other agents and representatives of the pension committee as it may deem advisable (SEE Section 11.5). In its relationship with the Trustee and any insurance company or companies on any matter or thing included in this Account Balance Plan, one member of the committee may be authorized by it to sign or execute any document on its behalf. The Chairman of the Board of Directors will certify to the Trustee and to such insurance company or companies the name and signature of the member of the committee who is so authorized.

(e) The Plan Administrator will serve without compensation for services as such, but all the Plan Administrator's expenses shall be paid by the Employer (SEE Section 11. 11).

(f) The Board of Directors, in its sole discretion, may also designate the Trustee as the Plan Administrator. Any such designation shall be valid only if the Trustee acknowledges responsibility for the management, operation and administration of the Account Balance Plan in writing. Thereafter, all references in the Account Balance Plan and Trust to the Plan Administrator shall mean the Trustee unless and until the Board of Directors appoints a different Plan Administrator in accordance with this Section.

11.2 FIDUCIARY AND ADMINISTRATIVE DUTIES

(a) The Plan Administrator shall have the following powers, duties, and responsibilities, which it may retain or delegate among the below-mentioned bodies:

(i) Powers, duties, and responsibilities of administration which shall be delegable to an administrator;

(ii) Powers, duties, and responsibilities of custody and disbursement of the assets of the Fund, which shall be delegable to the Trustee, the administrator, or an insurance company, and

(iii) Powers, duties, and responsibilities of investment which shall be delegable to the Trustee, an investment advisor, or an insurance company.

The Plan Administrator may appoint an administrator, an investment advisor, or an insurance company, and review or redelegate the exercise of these powers, duties and responsibilities at any time.

(b) As provided in Section 10.3, the Plan Administrator will prescribe a funding policy for the Account Balance Plan.

11.3 GENERAL POWERS AND DISCRETION OF PLAN ADMINISTRATOR

(a) The Plan Administrator shall have all powers necessary to administer the Account Balance Plan in accordance with its terms, including the power to construe the Account Balance Plan and determine all questions that arise under it.

(b) Notwithstanding any other provision in the Account Balance Plan, and to the full extent permitted by law, the Plan Administrator shall have exclusive authority and discretion to interpret, construe and apply all of the terms of the Account Balance Plan, including any uncertain or disputed term or provision in the Account Balance Plan. The Plan Administrator's authority and discretion shall include, but not be limited to, the following:

(i) Determining and deciding all questions of law and/or fact that arise under the Account Balance Plan;

(ii) Determining whether any individual is eligible for any benefits under this Account Balance Plan; and

(iii) Determining the amount of benefits, if any, an individual is entitled to under this Account Balance Plan.

(c) The Plan Administrator's exercise of discretionary authority to interpret, construe and apply the terms of the Account Balance Plan, and all its determinations, interpretations and applications shall:

(i) Be binding upon any individual claiming benefits under this Account Balance Plan, including, but not limited to, the Participant, the Participant's estate, any Beneficiary of the Participant, and any Alternate Payees;

(ii) Be given deference in all courts of law, to the greatest extent allowed by applicable law; and

(iii) Not be overturned or set aside by any court of law unless found to be arbitrary and capricious, or made in bad faith.

(d) If the discretionary authority in subsection (c) is exercised with respect to an individual who is a member of the pension committee, the authority shall be exercised solely and exclusively by the other members. If the individual is the only Plan Administrator at the time, the discretionary authority shall be exercised by the Board of Directors, not including the affected individual if he is also a member of the Board of Directors.

(e) Any discretionary actions of the Plan Administrator or Board of Directors shall be taken in a manner that does not discriminate in favor of Highly Compensated Employees.

11.4 ADMINISTRATION OF THE FUND

(a) The Trustee shall be responsible for the management and investment of the Fund in accordance with the provisions of the Trust Agreement.

(b) Directives of the Plan Administrator to the Trustee shall be delivered in writing, and properly signed.

11.5 DELEGATION OF POWERS

(a) When the Plan Administrator appoints assistants or representatives, it may delegate to them any powers and duties, both ministerial and discretionary, as it deems expedient or appropriate (except as provided in Section 11.6).

(b) Any appointment under this Section or Section 11.6 shall be made pursuant to a signed, written instrument.

11.6 APPOINTMENT OF PROFESSIONAL ASSISTANTS AND INVESTMENT MANAGERS

(a) The Plan Administrator may engage accountants, actuaries, attorneys, physicians and such other professional personnel as it deems necessary or advisable. The Plan Administrator may also appoint one or more investment managers to manage all or any of the assets of the Trust, including the power to acquire or dispose of assets. However, the appointment of an investment manager must be approved by the Board of Directors, and the investment manager must acknowledge in writing that it is a fiduciary with respect to the Account Balance Plan. An investment manager can only be a party that is either (i) registered as an investment adviser under the Investment Advisers Act of 1940, (ii) a bank, as defined in that Act, or (iii) an insurance company qualified to manage, acquire and dispose of plan assets under the laws of more than one State.

(b) The functions of persons engaged under this Section shall be limited to the specific services and duties for which they are engaged. Such persons shall have no other duties, obligations or responsibilities under the Account Balance Plan or Trust, and shall exercise no discretion regarding the management of the Account Balance Plan. Unless engaged specifically as an investment manager, such a person shall exercise no authority or control respecting management or disposition of the assets of the Trust.

(c) The fees and costs of services under this Section are an administrative expense of the Account Balance Plan to be paid out of the Fund, except to the extent paid by the Employer.

11.7 RECORDS

All acts and determinations with respect to the Account Balance Plan shall be duly recorded. All such records and other documents that may be necessary for the administration of the Account Balance Plan shall be preserved in the custody of the Plan Administrator (or its appointed assistants or representatives).

11.8 NOTICE OF ROLLOVER TREATMENT

When making a qualifying rollover distribution within the meaning of Code Section 402(a), the Plan Administrator shall provide to the recipient a written explanation of:

(a) The circumstances under which such distribution will not be subject to tax if transferred to an eligible retirement plan (as defined in Code Section 402(a)) within 60 days after the date on which the recipient receives the distribution; and

(b) If applicable, the income averaging provisions of Code Section 402(e).

11.9 RESPONSIBILITY OF FIDUCIARIES

The Plan Administrator and any assistant or representative, other than any investment manager, shall be free from all liability for acts and conduct in the administration of the Account Balance Plan and Trust, except for acts of willful misconduct. However, the preceding sentence shall not relieve any fiduciary from any responsibility, obligation or duty that the fiduciary may have pursuant to ERISA.

11.10 INDEMNITY BY EMPLOYER

To the extent not insured against by an applicable insurance policy, and to the extent permitted by law, the Employer shall indemnify and hold harmless the Plan Administrator and its assistants and representatives from any and all claims, demands, suits or proceedings in connection with the Account Balance Plan or Trust that may be brought against them, provided the individual or entity being indemnified is/was an employee, or committee of employees, of the Employer.

11.11 PAYMENT OF FEES AND EXPENSES

To the extent consistent with ERISA, the Plan Administrator and assistants and representatives, shall be entitled to payment from the Fund for all reasonable costs, charges and expenses incurred in the administration of the Account Balance Plan and Trust. This includes, but is not limited to, reasonable fees for accounting, legal and other services, to the extent incurred in the performance of duties under the Account Balance Plan and Trust, except to the extent that the fees and costs are paid by the Employer. Notwithstanding any other provision of the Account Balance Plan or Trust, no person who is a "disqualified person," within the meaning of Code Section 4975(e)(2) and who receives full-time pay from the Employer shall receive compensation from the Trust Fund, except for reimbursement of expenses properly and actually incurred.

11.12 ERISA REPORTING AND DISCLOSURE

The Plan Administrator shall be responsible for the performance of all reporting and disclosure obligations under ERISA.

11.13 SERVICE OF LEGAL PROCESS

The Plan Administrator shall be the designated agent of the Account Balance Plan for service of legal process.

11.14 CLAIM FOR BENEFITS.

Any claim for benefits by a Participant or Beneficiary shall be made in writing to the Plan Administrator.

11.15 DENIAL OF CLAIM

(a) If the Plan Administrator denies a claim in whole or in part, it shall send the Participant or Beneficiary ("claimant") a written notice of the denial.

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

(c) The denial notice shall be written in a manner calculated to be understood by the claimant and shall contain:

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

(ii) Specific reference to pertinent Account Balance Plan provisions on which the denial is based;

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

(iv) An explanation of the review procedures provided by sections 11.16 and 11.17.

11.16 REQUEST FOR REVIEW OF DENIAL

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

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

11.17 REVIEW DECISION

(a) The Plan Administrator shall send the claimant a written decision on any request for review that it receives.

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

(c) The review decision shall be written in a manner calculated to be understood by the claimant and shall contain:

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

(ii) Specific reference to the pertinent Account Balance Plan provisions on which the decision is based.

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

(e) The review decision (including a deemed decision) shall be the final decision of the Account Balance Plan.

ARTICLE XII

QUALIFIED DOMESTIC RELATIONS ORDERS

12.1 GENERAL.

Notwithstanding the restriction against alienation and assignment stated in Section 13.1, the Plan Administrator shall comply with the terms of any Qualified Domestic Relations Order.

12.2 REQUIRED PROVISIONS.

A Domestic Relations Order is a Qualified Domestic Relations Order only if it clearly specifies:

(a) The name and the last known mailing address (if any) of the Participant and the name and mailing address of each Alternate Payee covered by the order;

(b) The amount or percentage of the Participant's benefits that the Plan shall pay to each Alternate Payee, or the manner in which the amount or percentage is to be determined;

(c) The number of payments or period to which the order applies; and

(d) Each plan to which the order applies.

Notwithstanding the preceding provisions, a Domestic Relations Order that does not provide the specified address information can be a Qualified Domestic Relations Order, if the Plan Administrator has the necessary information from other sources.

12.3 PROHIBITED PROVISIONS

A Domestic Relations Order is a Qualified Domestic Relations Order only if it:

(a) Does not require the Plan to provide any type or form of benefit, or any option, not otherwise provided under the Account Balance Plan, except as stated in Section 12.4 below;

(b) Does not require the Plan to provide increased benefits determined on the basis of actuarial value; and

(c) Does not require the payment of benefits to an Alternate Payee that are required to be paid to another Alternate Payee under an order previously determined to be a Qualified Domestic Relations Order.

12.4 EXCEPTION FOR CERTAIN PAYMENTS MADE AFTER EARLIEST RETIREMENT AGE

(a) A Domestic Relations Order shall not be treated as failing to meet the requirements of Section 12.3(a), solely because the order requires payment to an Alternate Payee:

(i) In the case of any payment before a Participant has separated from service, on or after the date on which the Participant attains (or would have attained) the "earliest retirement age" as defined in subsection (b) below;

(ii) As if the Participant had retired on the date on which payment is to begin under the order; and

(iii) In any form in which benefits may be paid under the Account Balance Plan to the Participant.

(b) For purposes of this Section, the term "earliest retirement age" means the earlier of:

(i) The date on which the Participant is entitled to a distribution under the Plan; or

(ii) The earliest date on which the Participant could receive Account Balance Plan benefits if he had separated from service with the Employer.

12.5 PLAN PROCEDURES WITH RESPECT TO DOMESTIC RELATIONS ORDERS

(a) The Plan Administrator shall apply the procedures in this Article, and may adopt additional appropriate procedures, to determine the qualified status of Domestic Relations Orders it receives and to administer distributions under Qualified Domestic Relations Orders.

(b) The Plan Administrator shall promptly notify the Participant and each Alternate Payee of the receipt of the Domestic Relations Order, and provide them with copies of the procedures the Plan will use in determining the qualified status of the order. If addresses are not specified in the order, the Plan Administrator shall send notices to the last known addresses of these parties. The Participant and any Alternate Payee may designate a representative to receive copies of future communications from the Plan Administrator regarding the order, by submitting a written request to the Plan Administrator.

(c) Within a reasonable period after receiving a Domestic Relations Order, the Plan Administrator shall determine whether it is a Qualified Domestic Relations Order and shall notify the

Participant, each Alternate Payee and any designated representatives of the determination.

(d) During the period in which the issue of qualified status is being determined by the Plan Administrator, by a court of competent jurisdiction, or otherwise, the Plan Administrator shall separately account for the amounts which would have been payable to the Alternate Payee during the period if the order had been determined to be a Qualified Domestic Relations Order. The separate accounting is for recordkeeping and a segregation of Fund assets is not required. The separately accounted amounts shall be treated in the following manner:

(i) If the Domestic Relations Order (or a modification of it) is determined to be a Qualified Domestic Relations Order within 18 months of the date on which the first payment would be required to be made under the order, the Plan Administrator shall pay the amounts (including any interest) to the person or persons entitled to the payment.

(ii) If the Domestic Relations Order is determined not to be a Qualified Domestic Relations Order or the issue is not resolved, within the 18-month period specified above, the Plan Administrator shall pay the amounts (including any interest) to the person or persons who would have been entitled to the amounts if there had been no order. In applying this provision, the Plan Administrator may delay payments for the full 18-month period, even if an earlier determination of non-qualified status is made, if the Plan Administrator has notice that the parties are attempting to remedy the order's deficiencies.

(iii) Any determination of qualified status that is made after the close of the 18-month period shall be applied prospectively only.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

13.1 NO ALIENATION OR ASSIGNMENT

The right of any Participant or Beneficiary to any benefit or payment under the Account Balance Plan or Trust shall not be subject to voluntary or involuntary transfer, alienation or assignment. Further, to the fullest extent permitted by law, the right shall not be subject to attachment, execution, garnishment, sequestration or other legal or equitable process. In the event a Participant or Beneficiary attempts to assign, transfer or dispose of a right under the Account Balance Plan, or if any attempt is made to subject the right to such process, the assignment, transfer or disposition shall be null and void.

13.2 ADOPTION OF PLAN BY ANOTHER EMPLOYER

Any other employer, whether an Affiliated Employer or not, may, with the approval of the Board of Directors of NBT Bancorp Inc., adopt this Account Balance Plan pursuant to appropriate written resolutions of its board of directors. The adopting employer shall also execute such documents with the Trustee as may be necessary to make the other employer a party to the Trust. As part of its adopting resolutions, the other employer shall delegate authority to amend and terminate the Account Balance Plan to the Board of Directors of NBT Bancorp Inc. The National Bank and Trust Company, by its adoption and execution of this document, is deemed to have made the foregoing delegation.

13.3 STATUS OF EMPLOYMENT RELATIONS

The adoption and maintenance of the Account Balance Plan and Trust shall not be deemed to constitute a contract between the Employer and its Employees or to be consideration for, or an inducement or condition of, the employment of any person. Nothing contained in the Account Balance Plan shall be deemed (a) to give to any Employee the right to be retained in the employ of the Employer, (b) to affect the right of the Employer to discipline or discharge any Employee at any time, (c) to give the Employer the right to require any Employee to remain in its employ, or (d) to affect any Employee's right to terminate his employment at any time.

13.4 BENEFITS PAYABLE BY TRUST

All Benefits payable under the Account Balance Plan shall be paid or provided for solely from the Trust. The Employer assumes no liability or responsibility for the payments.

13.5 INCREASES IN SOCIAL SECURITY BENEFITS

Increases in Social Security benefits or the taxable wage base subsequent to a Participant's termination of employment or Retirement shall not cause a reduction in benefits under the Account Balance Plan.

13.6 HEADINGS NOT PART OF THIS PLAN

Headings of Articles and Sections are inserted only for convenience of reference, and shall not be considered in construing the Plan.

13.7 GENDER AND NUMBER

Unless the context clearly requires a different meaning, the use of the masculine pronoun includes the feminine gender, and the singular number includes the plural (and vice versa).

13.8 APPLICABLE LAW

The Plan and Trust shall be construed, regulated, interpreted and administered under and in accordance with the laws of the State of New York, unless preempted by federal law.

ARTICLE XIV

AMENDMENT, MERGER AND TERMINATION

14.1 AMENDMENT

(a) The Board of Directors of NBT Bancorp Inc. may amend the Account Balance Plan at any time, and from time to time, pursuant to written resolutions and written amendments. However, no amendment shall have the effect of reducing the Account Balance Accrued Benefit of any Participant, except to the extent permitted under Section 412(c)(8) of the Code.

(b) For purposes of this Section, an amendment that has the effect of (i) eliminating or reducing an early retirement benefit or a retirement- type subsidy, or (ii) eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment, shall be treated as reducing Account Balance Accrued Benefits.

(c) In the case of a retirement-type subsidy, subsection (b) shall apply only with respect to a Participant who satisfies (either before or after the amendment) the preamendment conditions for the subsidy. In general, a retirement-type subsidy is a subsidy that continues after retirement, but does not include qualified disability benefits, a medical benefit, a Social Security supplement, or a death benefit (including life insurance).

(d) No amendment to the Account Balance Plan shall have the effect of decreasing a Participant's vested interest determined without regard to such amendment as of the later of the date such amendment is adopted, or becomes effective.

14.2 TERMINATION OF ACCOUNT BALANCE PLAN AND TRUST

(a) The Employer contemplates that the Account Balance Plan shall be permanent and that the Employer shall be able to make contributions to the Account Balance Plan. Nevertheless, in recognition of the fact that future conditions and circumstances cannot now be entirely foreseen, the Board of Directors of NBT Bancorp Inc. reserves the right to terminate either the Account Balance Plan, or both the Account Balance Plan and the Trust, at any time, pursuant to written resolutions and written amendments.

(b) If the Board of Directors of NBT Bancorp Inc. makes a determination to terminate the Account Balance Plan and Trust, they shall be terminated as of the date specified in certified copies of resolutions delivered to the Plan Administrator and the Trustee.

14.3 BENEFITS UPON TERMINATION AND PARTIAL TERMINATION

In the event of a termination or partial termination of the Account Balance Plan, any affected Participant's Account Balance Accrued Benefit shall be nonforfeitable as of the date of such event to the extent funded. On termination of the Account Balance Plan, the Trustee will liquidate the assets held in the Fund. After payment of all expenses of liquidation, the Plan Administrator shall allocate the remainder of the Fund assets among Participants and Beneficiaries entitled to benefits, and cause them to be distributed by the Trustee, in accordance with Section 4044 and other applicable provisions of ERISA. Any residual assets of the Account Balance Plan remaining after the above allocation and distribution shall revert to the Employer, provided that all liabilities of the Account Balance Plan have been satisfied.

14.4 MERGER, CONSOLIDATION OR TRANSFER OF ASSETS

Neither the Plan nor the Trust may be merged with any other plan or trust unless each Participant would receive a benefit immediately after the merger that is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, if the Plan had then terminated. The preceding sentence shall also apply to a consolidation or transfer of assets.

ARTICLE XV

TOP HEAVY PROVISIONS

15.1 APPLICATION

The provisions of this Article XV shall become effective in any Plan Year in which the Account Balance Plan is a Top Heavy Plan. The Account Balance Plan shall be a Top Heavy Plan with respect to a Plan Year if the Top Heavy Ratio exceeds 60%. However, notwithstanding the foregoing, the Account Balance Plan shall not be a Top Heavy Plan for any Plan Year in which the Account Balance Plan is part of a Required Aggregation Group of Plans or a Permissive Aggregation Group of Plans if the Top Heavy Ratio for the group does not exceed 60%.

15.2 TOP HEAVY RATIO

For purposes of this Article XV, Top Heavy Ratio shall mean the following:

(a) If the Employer does not maintain a defined contribution plan that covers an Employee in this Account Balance Plan, the Top Heavy Ratio is a fraction, the numerator of which is the sum of the present value of accrued benefits for all Key Employees under this Account Balance Plan and all other defined benefit plans maintained by the Employer in which a Key Employee participates as of the Determination Date, and the denominator of which is the sum of present value of accrued benefits under this Account Balance Plan and such other defined benefit plans on that date. Both the numerator and the denominator are adjusted to reflect any distribution made in the five-year period ending on the Determination Date.

(b) If the Employer maintains one or more defined contribution plans which cover a Key Employee who participates in this Account Balance Plan, the Top Heavy Ratio is a fraction, the numerator of which is the sum of account balances for all Key Employees under the defined contribution plans sponsored by the Employer which cover a Key Employee and the present value of accrued benefits for all Key Employees under this Plan and all other defined benefit plans sponsored by the Employer which cover a Key Employee, and the denominator of which is the sum of the account balances under this Account Balance Plan and all other defined benefit plans sponsored by the Employer and the present value of accrued benefits under this Account Balance Plan and all other defined benefit plans sponsored by the Employer all calculated as of the Determination Date. Both the numerator and denominator of the Top Heavy Ratio are adjusted for any distribution made in the five-year period ending on the Determination Date and any contribution due but unpaid as of the Determination Date.

For purposes of (a) and (b) above, the value of account balances and the present value of accrued benefits will be determined as of the most recent valuation date that falls within or ends with the 12 month period ending on the Determination Date. The account balances and

accrued benefits of an Employee who is not a Key Employee but who was a Key Employee in a prior year will be disregarded. The calculation of the Top Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with section 416 of the Code and the regulations thereunder. When aggregating plans, the value of account balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year. The accrued benefit of an individual who is not a Key Employee under a defined benefit plan shall be (1) determined under the method, if any, that uniformly applies for accrual purposes under all plans maintained by the Corporate Group, or (2) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional accrual rate of Section 411(b)(1)(C) of the Code.

15.3 DEFINITIONS

The capitalized terms used in this Article XV shall have the following meanings:

(a) "Determination Date" with respect to any Plan Year shall mean the last day of the preceding Plan Year, or in the case of the first Plan Year, the last day of such Plan Year.

(b) Key Employee" shall mean each Employee or former Employee (and the Beneficiaries of such Employee) who at any time during the determination period was an officer of the Employer, who has an annual compensation in excess of 50% of the dollar limitation under Section 415(b)(1)(A), an owner (or considered an owner under Section 318 of the Code) of one of the ten largest interests in the Employer if such individual's compensation exceeds the dollar limitation under Section 415(c)(1)(A) of the Code, a 5% owner of the Employer, or a 1% owner of the Employer who has an annual compensation of more than $150,000. The determination period of the Plan is the Plan Year containing the Determination Date and the four preceding Plan Years. The determination of who is a Key Employee will be made in accordance with Section 416(i)(1) of the Code and the regulations thereunder.

(c) "Permissive Aggregation Group of Plans" shall mean the Required Aggregation Group of Plans plus any other plan or plans of the Employer which, when considered together with the Required Aggregation Group of Plans, would continue to satisfy the requirement of Section 401(a)(4) and 410 of the Code.

(d) "Required Aggregation Group of Plans" shall mean:

(i) each qualified plan of the Employer in which at least one Key Employee participates; and

(ii) any other qualified plan of the Employer which enables a plan described in (i) above to meet the requirements of Sections 401(a)(4) or 410 of the Code.

(e) "Top Heavy Average Compensation" shall mean the average of an individual's annual total pay (as described in Treasury Regulation Section 1.415-2(d)(2)) received from an Employer over any five consecutive Plan Years that produces the highest average; provided, however, that years beginning after the end of the last Plan Year in which the Plan was a Top Heavy Plan shall be disregarded.

15.4 APPLICABLE LIMITATIONS IF TOP HEAVY

For any Plan Year in which the Account Balance Plan is a Top Heavy Plan, the following shall apply:

(a) (1) Notwithstanding any other provision in this Account Balance Plan except (2) and (3) below, each Employee who is not a Key Employee will accrue a benefit (to be provided solely by Employer contributions and expressed as a life annuity commencing at his Normal Retirement Date) of not less than 2% of his Top Heavy Average Compensation multiplied by the number of his years of Service (up to a maximum of 20%). The minimum accrual is determined without regard to any Social Security contribution. The minimum accrual applies even though under other Account Balance Plan provisions, the Employee would not otherwise be entitled to receive an accrual, or would have received a lesser accrual for the year because of (i) the Plan's provisions for integration with Social Security, or (ii) the Employee's failure to make mandatory employee contributions.

(2) The provisions in (1) above shall not apply to any Employee who does not have at least 1,000 Hours of Service for the Plan Year. Furthermore, no additional benefit accruals shall be provided pursuant to (1) above to the extent that the total accruals on behalf of the Employee attributable to Employer contributions will provide a benefit expressed as a life annuity commencing at Normal Retirement Date that equals or exceeds 20% of the Employee's Top Heavy Average Compensation.

(3) The provisions in (1) above shall not apply to any Employee to the extent that the Employee is covered under any other plan or plans of the Employer and the minimum allocation or benefit requirement applicable to top heavy plans will be met in the other plan or plans.

(b) If, for any reason other than death, disability or retirement, an Employee shall incur a break in service before the completion of five years of service for vesting purposes, then in lieu of the benefit that would otherwise be provided, he shall be entitled to a benefit equal to (1) multiplied by (2) multiplied by (3) where:

(1) equals the monthly Retirement Benefit he would be entitled to at his Normal Retirement Date under the terms of the Plan then in effect on the date of his termination, if he continued in Service until his Normal Retirement Date and he continued to earn annually until his Normal Retirement Date the same rate of compensation as he was earning at the time of his termination.

(2) equals a fraction not exceeding one (1), the numerator of which is the Employee's total years of participation in the Plan at termination, and the denominator of which is the total years of participation he would have if he terminated upon his Normal Retirement Date; and

(3) equals a percentage, according to the following chart, based on the years of Service for vesting purposes:

YEARS OF SERVICE	PERCENTAGE
fewer than 2	0%
2	20%
3	40%
4	60%
5 or more	100%

If the Plan ceases to be Top Heavy, then this Subparagraph (b) shall no longer be applicable except as follows:

(1) the percentage of an Employee's accrued benefit that was nonforfeitable before the Account Balance Plan ceased to be Top Heavy must remain nonforfeitable; and

(2) an Employee who has completed three or more years of Service for vesting purposes may, after the Plan ceases to be a Top Heavy Plan, elect to have his accrued benefit determined according to the above provisions of this Subparagraph (b). For purposes of this Subparagraph (b) the vesting election period begins on the date the Plan ceases to be a Top Heavy Plan and ends 60 days following that date, or the date the Employee is given written notice that the Account Balance Plan is no longer a Top Heavy Plan, whichever is later.

An election pursuant to this Subparagraph (b) may be made only by an individual who is an Employee at the time of such an election and shall be irrevocable.

NBT Bancorp Inc. and NBT Bank, N.A. have caused this Plan to be signed by duly authorized officers on this 18th day of December 2000.

NBT BANCORP INC.

By: /s/ Daryl R. Forsythe

Title: Pres & CEO

NBT BANK, N.A.

By: /s/ Martin Dietrich

Title: Pres & CEO

EXHIBIT I

DEFINITION OF ACTUARIAL EQUIVALENT

The interest rate, mortality table and other factors, if any, applicable for purposes of determining an Actuarial Equivalent benefit under Account Balance Plan Section 1.4 shall be determined in accordance with the applicable section of this Exhibit I, below.

For purposes of this Exhibit I, "Applicable Mortality Table" means the mortality table prescribed by the Internal Revenue Service, which shall be based on the prevailing commissioners' standard table (described in ss.807(d)(5)(A) of the Code) used to determine reserves for group annuity contracts issued on the date as of which a present value is determined (without regard to any other subparagraph of ss.807(d)(5) of the Code) as specified by the Internal Revenue Service.

Also for purposes of this Exhibit I, "Applicable Interest Rate" means, for a Plan Year, the annual rate of interest on 30-year Treasury securities as specified by the Internal Revenue Service for November of the preceding Plan Year, in revenue rulings, notices or other guidance published in the Internal Revenue Bulletin.

1. OPENING ACCOUNT BALANCE - For purposes of determining the Actuarially Equivalent present value as of December 31, 1999 of a Participant's Accrued Benefit ("as such term is defined in Section 2.01 of the Appendix A Plan) as of that date to establish a Participant's Opening Account Balance under this Account Balance Plan (See Section 1.32(a) of the Account Balance Plan), Actuarial Equivalence will be based upon the following:

   Mortality: Applicable Mortality Table

   Interest: Applicable Interest Rate

2. CONVERSION OF ACCOUNT TO ACCOUNT BALANCE ACCRUED BENEFIT - For purposes of determining a Participant's Account Balance Accrued Benefit, as defined in Section 1.2 of the Account Balance Plan, Actuarial Equivalence will be based upon the following:

   Mortality: Applicable Mortality Table

   Interest: Applicable Interest Rate

This determination is made by projecting the Participant's Account to Normal Retirement Age using the Applicable Interest Rate at the determination date, and then converting the projected Account at Normal Retirement Age to the Account Balance Accrued Benefit using the Applicable Mortality Table and Applicable Interest Rate at the determination date.

3. OPTIONAL FORMS - For purposes of converting the Normal Form (single-life annuity with 60 months of payments guaranteed) to an Actuarially Equivalent optional form of payment under the Account Balance Plan, other than a lump sum, Actuarial Equivalence will be based upon the following:

Mortality: The 1984 Unisex Pension Mortality Table
Interest: 7.00%

4. REDUCTION FOR EARLY RETIREMENT BENEFIT PAYMENTS PRIOR TO NORMAL RETIREMENT AGE - As stated in Sections 4.3 and 5.2 of the Account Balance Plan, a Participant who has attained age 55 and who has five or more years of Service at their Benefit Commencement Date shall have his Account Balance Accrued Benefit reduced by one-quarter of one percent (1/4%) for each full month prior to Normal Retirement Date that such benefit is paid.

5. REDUCTION FOR BENEFIT PAYMENTS PRIOR TO NORMAL RETIREMENT FOR PARTICIPANTS NOT ELIGIBLE FOR EARLY RETIREMENT - For purposes of converting a Participant's Account Balance Accrued Benefit to an Actuarially Equivalent Normal Form annuity at his Benefit Commencement Date, Actuarial Equivalence will be based upon the following:

Mortality: The 1984 Unisex Pension Mortality Table
Interest: 7.00%

6. OTHER ACTUARIAL EQUIVALENCE DETERMINATIONS - The Applicable Interest Rate and the Applicable Mortality Table shall be used for all other Actuarial Equivalence determinations.

EXHIBIT II

DESIGNATED PARTICIPANT	DESIGNATED PERCENTAGE
John R. Bradley	30.0%
Michael J. Chewens	14.0%
Martin A. Dietrich	17.0%
Daryl Forsythe	35.0%
Joe C. Minor	30.0%
Jane E. Neal	30.0%
John Roberts	30.0%

APPENDIX A PLAN

NBT BANCORP, INC.

DEFINED BENEFIT PENSION PLAN

Amended and restated as of October 1, 1989,
including amendments adopted through August 31, 1998

TABLE OF CONTENTS

		Page
ARTICLE I - GENERAL PROVISIONS		
1.01	Designation	1
1.02	Effective Date	1
1.03	Purpose	1
ARTICLE II - DEFINITIONS		2
ARTICLE III - ELIGIBILITY AND PARTICIPATION REQUIREMENTS		
3.01	Eligibility	18
3.02	Becoming a Participant	18
3.03	Eligibility after Reemployment	19
3.04	Eligibility Based on Service in Ineligible Classification	20
ARTICLE IV - SERVICE CREDITING		
4.01	Benefit Service	21
4.02	Vesting Service	21
4.03	Treatment of Prior Service after a Break in Service	22
4.04	Retention of Service	23
4.05	Limitation of Service Credited	23
ARTICLE V - VESTING AND FORFEITURES		
5.01	Vesting Schedule	24
5.02	Exceptions to Vesting Schedule	24
5.03	Forfeitures	25
5.04	Amendments Affecting Vesting Schedule	26
ARTICLE VI - BENEFITS ELIGIBILITY		
6.01	Normal Retirement Benefit	27
6.02	Early Retirement Benefit	27
6.03	Late Retirement Benefit	28
6.04	Disability Retirement Benefit	28
6.05	Preretirement Death Benefit.	28
6.06	Benefits Following Termination of Employment	30

TABLE OF CONTENTS (cont'd)

		Page
ARTICLE VII - COMPUTATION OF BENEFITS		
7.01	Normal Retirement Benefit	31
7.02	Early Retirement Benefit	32
7.03	Late Retirement Benefit	32
7.04	Disability Retirement Benefit	33
7.05	Preretirement Death Benefit	33
7.06	Deferred Vested Retirement Benefit	34
7.07	Reemployment After Benefit Commencement	34
7.08	July 1, 1995 Cost-of-Living Increase	35
ARTICLE VIII - BENEFICIARIES		
8.01	Designation of a Beneficiary	36
8.02	Spouses's Rights	36
8.03	Absence of a Designated Beneficiary	37
8.04	Beneficiaries' Rights	38
ARTICLE IX - DISTRIBUTION REQUIREMENTS		
9.01	Form of Distribution	39
9.02	Compliance with Code Section 401(a)(9)	42
9.03	Required Distribution to Participant	42
9.04	Limits on Distribution Periods	44
9.05	Required Distribution to Beneficiary	45
9.06	Location of Participant or Beneficiary Unknown	45
9.07	Facility of Payment	45
9.08	Eligible Rollover Distributions	46
ARTICLE X - FINANCING		
10.01	Fund	48
10.02	Contributions to the Plan	48
10.03	Funding Policy	48
10.04	Return of Employer Contributions	48

TABLE OF CONTENTS (cont'd)

Page

ARTICLE XI - ADMINISTRATION

11.01	Plan Administrator	50
11.02	Fiduciary and Administrative Duties	51
11.03	General Powers and Discretion of Plan Administrator	51
11.04	Administration of the Fund	52
11.05	Delegation of Powers	52
11.06	Appointment of Professional Assistants and Investment Managers	53
11.07	Records	53
11.08	Notice of Rollover Treatment	53
11.09	Responsibility of Fiduciaries	53
11.10	Indemnity by Employer	54
11.11	Payment of Fees and Expenses	54
11.12	ERISA Reporting and Disclosure	54
11.13	Service of Legal Process	54
11.14	Claim for Benefits	54
11.15	Denial of Claim	54
11.16	Request for Review of Denial	55
11.17	Review Decision	55

ARTICLE XII - LIMITATIONS ON BENEFITS

12.01	General Rules	57
12.02	Code Section 415 Limitations	57
12.03	Deemed Satisfaction of Maximum Retirement Benefit Limitation	60
12.04	Maximum Retirement Benefit for Multiple Plans	61
12.05	Exceptions to the Maximum Retirement Benefit Limitation	63
12.06	Increases in Maximum Retirement Benefit	64

ARTICLE XIII - QUALIFIED DOMESTIC RELATIONS ORDERS

13.01	General	65
13.02	Required Provisions	65
13.03	Prohibited Provisions	65
13.04	Exception for Certain Payments Made after Earliest Retirement Age	66
13.05	Plan Procedures with Respect to Domestic Relations Orders	66

TABLE OF CONTENTS (cont'd)

		Page
ARTICLE XIV - AMENDMENT, MERGER AND TERMINATION		
14.01	Amendment	68
14.02	Termination of Plan and Trust	68
14.03	Benefits upon Termination and Partial Termination	68
14.04	Restriction of Benefits to Certain Highly Compensated Employees	69
14.05	Merger, Consolidation or Transfer of Assets	70
ARTICLE XV - TOP-HEAVY REQUIREMENTS		
15.01	General Rules	71
15.02	Determination of Top-Heaviness	72
15.03	Vesting in Employer Contributions under a Top-Heavy Plan	74
15.04	Minimum Required Benefit	75
15.05	Maximum Annual Benefit under a Super Top-Heavy Plan	77
ARTICLE XVI - MISCELLANEOUS PROVISIONS		
16.01	No Alienation or Assignment	78
16.02	Adoption of Plan by Another Employer	78
16.03	Status of Employment Relations	78
16.04	Benefits Payable by Trust	78
16.05	Failure of Qualification	78
16.06	Increases in Social Security Benefits	79
16.07	Headings Not Part of This Plan	79
16.08	Gender and Number	79
16.09	Applicable Law	79

ARTICLE I

GENERAL PROVISIONS

1.01 DESIGNATION. This Plan, previously designated The National Bank and Trust Company of Norwich Employees' Defined Benefit Pension Plan and Trust, is designated the NBT BANCORP, INC. DEFINED BENEFIT PENSION PLAN. The Plan and Trust are intended to meet the requirements of Sections 401(a) and 501(a) of the Internal Revenue Code of 1986, as amended, and the Employee Retirement Income Security Act of 1974, as amended. The Plan is intended to qualify as a defined benefit plan.

1.02 EFFECTIVE DATE. This Plan originally became effective on October 1, 1986, following the Employer's termination of its participation in the Master Plan of the New York State Bankers Retirement System. The Employer hereby amends and restates the Plan effective October 1, 1989 ("Effective Date"), unless a different effective date is otherwise stated. This restatement governs the rights of all Employees who have an Hour of Service with the Employer on or after the Effective Date. The rights of any former Employee who does not have an Hour of Service on or after the Effective Date shall be governed by the provisions of the Predecessor Plan in effect when he terminated employment, unless otherwise provided in this Plan or required by law.

1.03 PURPOSE. The purpose of this Plan is to provide benefits for Participants and Beneficiaries (including any Alternate Payees). Contributions to the Plan, and any income, shall be for the exclusive benefit of Participants and Beneficiaries and shall not be used for, or diverted to, any other purpose.

ARTICLE II

DEFINITIONS

The following terms shall have the following meanings in and for this Plan.

2.01 Accrued Benefit shall mean the amount that will be paid to the Participant, under the formula in Section 7.01, expressed as an annual benefit (straight life annuity) beginning at his Normal Retirement Date. The Participant's accrued benefit as of a determination date shall be the portion of the normal retirement benefit accrued under that formula, based on years of Credited Service through the determination date.

2.02 Actual Retirement Date shall mean the date on which a Participant retires from service with the Employer, within the meaning of "Retirement" in this Article of the Plan.

2.03 Actuarial Equivalent or Actuarially Equivalent shall mean a benefit payable in a different form and/or at a different time than a Participant's Accrued Benefit, but having the same value as that benefit when computed using the following actuarial assumptions:

Mortality:	1984 Unisex Mortality Table
Interest:	7 percent per annum

a. Notwithstanding the preceding sentence, for Annuity Starting Dates that occur before September 1, 1997, the present value of any distribution (other than a non-decreasing life annuity payable for a period not less than the life of the Participant or Surviving Spouse) shall be determined using the Code Section 417(e)(3) interest rates(s) described in subsection (b) below, if such rate(s) would produce a greater benefit than the assumptions above.

b. The Code Section 417 interest rates are:

i. The Applicable Interest Rate if the present value of the benefit (using such rate(s)) is not in excess of $25,000; or

ii. 120 percent of the Applicable Interest Rate if the present value of the benefit exceeds $25,000 (as determined under subsection (i) above). In no event shall the present value determined under this subsection (ii) be less than $25,000.

c. Notwithstanding the foregoing of this Section 2.03, and subject to subsection 2.03(d) below, for Annuity Starting Dates that occur after August 31, 1997, the present value of a lump sum distribution shall be determined by applying the Applicable Interest Rate and the "Applicable Mortality Table."

For purposes of this subsection 2.03(c), the "Applicable Mortality Table" is the mortality table based on the prevailing commissioners' standard table (described in Code Section 807(d)(5)(A)) used to determine reserves for group annuity contracts issued on the date as of which present value is being determined (without regard to any other subparagraph of Code Section 807(d)(5)), that is prescribed by the Internal Revenue Service in revenue rulings, notices or other guidance, published in the Internal Revenue Bulletin.

d. The lump sum distribution payable to a Participant whose Annuity Starting Date occurs after August 31, 1997 shall not be less than the present value of the benefit accrued by the Participant through August 31, 1997, when calculated by using the interest rate and mortality assumptions in the first sentence of this Section 2.03, based on the Participant's age on the Annuity Starting Date.

2.04 Adjustment Factor shall mean the cost of living adjustment factor prescribed by the Secretary of the Treasury under Section 415(d) of the Code.

2.05 Affiliated Employer shall mean (a) a member of a "controlled group of corporations" or group of trades or businesses under common control (as defined in Code Section 414(b) and (c)) of which the Employer is a member, (b) a member of an affiliated service group (as defined in Code Section 414(m)) which includes the Employer, or (c) any other entity that must be aggregated with the Employer pursuant to Code Section 414(o). The term "controlled group of corporations" has the meaning given in Code Section 1563(a), but determined without regard to Code Sections 1563(a)(4) and (e)(3)(C). Further, for purposes of applying the Code Section 415 limitations on benefits, Code Section 1563(a)(1) shall be applied by substituting the phrase "more than 50 percent" for the phrase "at least 80 percent," each place that phrase appears. If an Affiliated Employer is also an Employer maintaining the Plan, the provisions of the Plan shall apply to that entity as an Employer, rather than only as an Affiliated Employer.

2.06 Alternate Payee shall mean any spouse, former spouse, child or other dependent of a Participant who is recognized by a Domestic Relations Order as having a right to receive all, or a portion of, the benefits payable under the Plan with respect to such Participant.

2.07 Annual Benefit shall mean a benefit attributable to Employer contributions payable in the form of a straight life annuity within the meaning of Code Section 415(b)(2), as further described in Article XII.

2.08 Annuity Starting Date shall mean the first day of the first period for which an amount is paid to a Participant in any form.

2.09 Applicable Interest Rate shall mean:

a. for Annuity Starting Dates that occur before September 1, 1997, the interest rate or rates that would be used, as of the first day of the Plan Year that contains the Annuity Starting Date, by the PBGC for purposes of determining the present value of the Participant's benefits under the Plan, if the Plan had terminated on that date with insufficient assets to provide benefits guaranteed by the PBGC; and

b. for Annuity Starting Dates that occur after August 31, 1997, the annual interest rate on 30-year Treasury securities for the second month that precedes the Plan Year during which the Annuity Starting Date occurs. (For example, for Annuity Starting Dates that occur in 1998, the Applicable Interest Rate shall be the annual interest rate on 30-year Treasury securities for November 1997, as specified by the Internal Revenue Service in revenue rulings, notices or other guidance published in the Internal Revenue Bulletin.)

2.10 Beneficiary shall mean any person properly designated by a Participant pursuant to Article VIII to receive any benefits payable after the Participant's death.

2.11 Board of Directors shall mean the Board of Directors of the Employer.

2.12 Break in Service or One-Year Break in Service shall mean a Plan Year during which a Participant is not credited with more than 500 Hours of Service; provided that, for the Plan Year that begins on October 1, 1994 and ends December 31, 1994, a Participant shall not incur a Break in Service if the Participant is credited with at least 125 Hours of Service during that Plan Year.

2.13 Code shall mean the Internal Revenue Code of 1986, as amended from time to time, and implementing Regulations and rulings issued by the Internal Revenue Service. References to any Section of the Code shall include any successor provision.

2.14 Compensation shall mean remuneration paid by the Employer to a Participant in the form of fixed basic annual salary or wages, commissions, overtime, and cash bonuses actually received; provided that, for Plan Years that begin prior to January 1, 1995, Compensation shall include remuneration in the form of severance pay and for Plan Years beginning before October 1, 1993, Compensation shall not include remuneration in the form of commissions. For all years, Compensation shall include any amount contributed by the Employer at the direction of the Participant pursuant to a salary reduction agreement, which amount is not includable in the Participant's gross income under Code Section 125 (cafeteria plans) or Code Section 402(a)(8) ("401(k)" plans). Compensation shall not include any other form of remuneration, regardless of the manner calculated or paid. For example, "Compensation" shall not include amounts realized from the exercise of stock options or from the disposition of stock or stock rights, Employer contributions to any public or private benefit plan or system, or (after December 31, 1994) amounts paid as severance pay.

For the Plan Year in which an Employee first becomes a Participant, the term "Compensation" shall mean only the Compensation he receives after the date he satisfies the eligibility requirements to participate in the Plan.

The annual Compensation of each Participant taken into account under the Plan for any Plan Year beginning after December 31, 1988 and before January 1, 1994 shall not exceed $200,000. Each January 1, beginning in 1990 and ending in 1993, this amount shall be adjusted by the Adjustment Factor, using 1989 as the base period. The adjusted Compensation limitation shall be effective for Plan Years beginning within the calendar year of the adjustment.

For Plan Years beginning on or after January 1, 1994, the annual Compensation of each Employee taken into account under the Plan shall not exceed $150,000, as adjusted by the Commissioner of the Internal Revenue Service for increases in the cost of living in accordance with Section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which Compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the $150,000 limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

If Compensation for any prior determination period is taken into account in determining an Employee's benefits accruing in the current Plan Year, the Compensation for that prior determination period is subject to the Compensation limit in effect for that prior determination period. For this purpose, for determination periods beginning before the first day of the first Plan Year beginning on or after January 1, 1994, the limit is $150,000.

In applying the $200,000 and $150,000 limitations in Plan Years that begin prior to January 1, 1997, the Compensation of a Participant who is (i) a Five Percent Owner, or (ii) a Highly Compensated Employee and one of the ten most Highly Compensated Employees, ranked on the basis of compensation (within the meaning of Code Section 414(q)(7)) paid by the Employer during the Plan Year, shall be treated as including the Compensation of his Spouse and any lineal descendants who have not attained age 19 before the close of the Plan Year (but only if his Spouse or lineal descendant also is an Employee). If, as a result of the application of such rules, the $200,000 limitation or the $150,000 limitation is exceeded, then (except for purposes of determining the portion of Compensation included in "Covered Compensation" defined in Article VII), the limitation shall be prorated among the affected individuals, in proportion to each such individual's Compensation as determined under this Section prior to the application of the limitation.

2.15 Defined Benefit Dollar Limitation shall mean the dollar limitation in effect under Code Section 415(b)(1)(A); specifically, $90,000, as adjusted each January 1 by the Adjustment Factor. Any adjusted limitation shall apply to Limitation Years ending with or within the calendar year of the adjustment.

2.16 Defined Benefit Fraction shall mean the fraction defined in Code Section 415(e)(2) that is used, with the Defined Contribution Fraction, to determine the Maximum Retirement Benefit for a Participant who also has participated in a defined contribution plan of the Employer or an Affiliated Employer.

2.17 Defined Contribution Fraction shall mean the fraction defined in Code Section 415(e)(3) that is used, with the Defined Benefit Fraction, to determine the Maximum Retirement Benefit for a Participant who also has participated in a defined contribution plan of the Employer or an Affiliated Employer.

2.18 Determination Date shall mean, with respect to any Plan Year, the last day of the preceding Plan Year. In the case of a first Plan Year, the Determination Date shall be the last day of that Plan Year.

2.19 Disability Retirement Date shall mean the date on which a Participant terminates employment with the Employer because of a Total and Permanent Disability.

2.20 Domestic Relations Order shall mean any judgment, decree, or order (including approval of a property settlement agreement) which: (a) relates to the provision of child support, alimony payments or marital property rights to a spouse, child or other dependent of a Participant, and (b) is made pursuant to a state domestic relations law (including a community property law).

2.21 Earliest Retirement Age shall mean the earliest date on which the Participant can elect to receive retirement benefits under the Plan.

2.22 Early Retirement Date shall mean the date of a Participant's Retirement, before the Normal Retirement Date, after the Participant has attained age 55 and earned a "Vested Percentage" (described in Article V) of 100 percent.

2.23 Effective Date shall mean October 1, 1989.

2.24 Employee shall mean any person who receives compensation for personal services, other than a retainer or fee under a contract, from the Employer of the Employee and who is treated by the Employer as a common law employee for employment tax withholding purposes. Any Leased Employees shall be considered Employees solely for the purposes specified in Code Section 414(n). Leased Employees shall not be eligible to participate in the Plan.

2.25 Employer shall mean NBT Bancorp, Inc., NBT Bank, N.A. (formerly known as The National Bank and Trust Company and The National Bank and Trust Company of Norwich), and any Affiliated Employer that adopts this Plan. Notwithstanding the preceding sentence, the term Employer means NBT Bank, N.A. for purposes of Plan administration, and NBT Bancorp, Inc. for purposes of Sections 14.01 and 14.02.

2.26 ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any implementing regulations and rulings issued by the Department of Labor or the Internal Revenue Service. References to any Section of ERISA shall include any successor provision.

2.27 Final Average Compensation shall mean the average of the Participant's annual Compensation for the five Years of Benefit Service during the Participant's last ten Years of Benefit Service that produces the highest average. If a Participant has less than five Years of Benefit Service, the Participant's Final Average Compensation shall be the average of his annual Compensation for his total Years of Benefit Service. For Plan Years that begin prior to October 1, 1993, Final Average Compensation shall be based upon the Compensation received by the Participant for each applicable calendar year. For Plan Years that begin after September 30, 1993, Final Average Compensation shall be based upon the Compensation received by the Participant for each applicable Plan Year. In all cases, Final Average Compensation shall be based upon consecutive Years of Benefit Service.

2.28 Five Percent Owner shall mean, as further defined in Code Section 416(i), any person who owns, or is considered as owning under the constructive ownership rules of Code Section 318, more than five percent of the outstanding stock of the Employer or stock possessing more than five percent of the total combined voting power of all stock of the Employer. However, the constructive ownership rules in Code Section 318(a)(2)(C) shall be applied by substituting "five percent" for "50 percent." If the Employer is not a corporation, any person who owns more than five percent of the capital or profits interest in such organization is a Five Percent Owner.

2.29 Fund shall mean the assets of the Plan.

2.30 Highly Compensated Employee shall mean a highly compensated employee within the meaning of Code Section 414(q), for Plan Years beginning after December 31, 1986. As set forth below, the term "Highly Compensated Employee" includes highly compensated active employees and highly compensated former employees. In the following subsections, the term "determination year" means the current Plan Year and the term "look-back year" means the twelve-month period immediately preceding the determination year.

a. Highly Compensated Active Employee: For Plan Years that begin before January 1, 1997, highly compensated active employee includes any employee who performs service for the Employer during the determination year and who:

i. Received compensation in excess of $75,000, as adjusted by the Adjustment Factor, during the look-back year;

ii. Received compensation in excess of $50,000, as adjusted by the Adjustment Factor, during the look-back year, and was a member of the top-paid group for such year (generally, the top 20 percent of employees ranked on the basis of compensation);

iii. Was an officer (as defined in Code Section 416(i)) of the Employer and received compensation during the look-back year that is greater than 50 percent of the Defined Benefit Dollar Limitation in effect during the year (if no officer has satisfied this compensation requirement, the highest-paid officer shall be treated as a Highly Compensated Employee);

iv. Is described in the above subsections if the term "determination year" is substituted for the term "look-back year", and the employee is one of the 100 employees who received the most compensation from the Employer during the determination year; or

v. Was a Five Percent Owner at any time during the look-back year or determination year.

For Plan Years that begin on or after January 1, 1997, a highly compensated active employee includes any Employee who performs services for the Employer during the determination year and who (I) for the preceding determination year, received compensation from the Employer in excess of $80,000 (as adjusted by the Secretary of the Treasury), or (II) was a Five Percent Owner at any time during the determination year or the preceding determination years.

b. Highly Compensated Former Employee: A highly compensated former employee includes any employee who separated from service (or was deemed to have separated) prior to the determination year, performs no service for the Employer during the determination year and was a highly compensated active employee for either the separation year or any determination year ending on or after the employee's 55th birthday.

c. Family Member Aggregation Rule: For Plan Years that begin before January 1, 1997, if an employee is, during a determination year or look-back year, a Family Member of either (i) a Five Percent Owner who is an active or former employee or (ii) a Highly Compensated Employee who is one of the ten most Highly Compensated Employees ranked on the basis of compensation paid by the Employer during such year, then the Family Member and the Five Percent Owner or top-ten Highly Compensated Employee shall be aggregated. In such case, the Family Member and Five Percent Owner or top-ten Highly Compensated Employee shall be treated as a single employee receiving compensation and Plan contributions or benefits equal to the sum of such compensation and contributions or benefits of the Family Member and Five Percent Owner or top-ten

Highly Compensated Employee. For purposes of this Section, the term "Family Member" includes the spouse, lineal ascendants and descendants of the employee or former employee and the spouses of such lineal ascendants and descendants.

d. Incorporation of Section 414(q): The determination of who is a Highly Compensated Employee under the above rules, including the determinations of the number and identity of employees in the top-paid group, the top 100 employees, the number of employees treated as officers and the compensation that is considered, shall be made in accordance with Code Section 414(q) and implementing Regulations, which are hereby incorporated by reference.

2.31 Hour of Service shall mean an hour determined in accordance with the following provisions. In this definition, the term "computation period" means the Plan Year, with the following exception. To the extent that a "Year of Service" is defined as a different period for eligibility purposes, that period shall be considered a computation period in crediting Hours of Service for eligibility.

a. General Rules for Crediting Hours: For all purposes under the Plan, an Employee shall be credited with an Hour of Service for all of the following:

i. Each hour for which the Employee is paid, or entitled to payment, for the performance of duties for the Employer. These hours will be credited to the Employee for the computation period in which the duties are performed.

ii. Each hour for which the Employee is paid, or entitled to payment, by the Employer, on account of a period during which no duties are performed (whether or not the employment relationship has terminated), due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. Except as provided in Section 7.04 (relating to disability), no more than 501 Hours of Service shall be credited under this subsection for any single, continuous period, whether or not such period occurs in a single computation period.

iii. Each hour for which back pay (irrespective of mitigation of damages) is either awarded or agreed to by the Employer. The same Hours of Service will not be credited both under subsection (i) or (ii), whichever is applicable, and this subsection (iii). Under this subsection, Hours of Service will be credited to the Employee for the computation period to which the award or agreement pertains, rather than the computation period in which the award, agreement or payment is made.

Hours under this subsection shall be calculated and credited pursuant to Department of Labor Regulation 2530.200b-2(b) and (c), which is incorporated herein by reference.

b. Crediting Hours for Maternity or Paternity Leave to Prevent Break in Service: Solely to determine whether a Break in Service has occurred, an Employee who is absent from work for maternity or paternity reasons, or is on a leave of absence taken in accordance with the Family and Medical Leave Act, shall receive credit for the Hours of Service that would otherwise have been credited to the Employee but for such absence. In any case in which such hours cannot be determined, eight Hours of Service per day of such absence shall be credited.

i. The Hours of Service credited under this subsection shall be credited in the computation period in which the absence begins, if necessary to prevent a Break in Service in that period. In all other cases, the Hours of Service shall be credited to the next computation period.

ii. For purposes of this subsection, an absence from work for maternity or paternity reasons means an absence by reason of (A the Employee's pregnancy, (B) the birth of the Employee's child or the placement of a child with the Employee in connection with the Employee's adoption of the child, or (C) the Employee caring for the child for a period immediately following such birth or placement.

iii. In order to be credited with Hours of Service under this subsection, the Employee must provide the Plan Administrator with proof that the period of absence is for a reason specified in subsection (ii) above.

c. Hours Not Kept: An Employee for whom hours are not normally kept shall receive credit for 45 Hours of Service for each weekly pay period during which the Employee performs one Hour of Service under the conditions described in subsection (a)(i) or (ii) above.

d. Affiliated Employers: For eligibility and vesting purposes (see Articles III and IV), Hours of Service shall also be credited for employment with any Affiliated Employer.

e. For eligibility and vesting purposes hereunder, Hours of Service shall include each hour for which an Employee, who was employed by any banking institution or banking facility as of the date immediately preceding the date of the Employer's acquisition of that institution or facility (and which acquisition occurred on or before December 31, 1994), was credited with an hour of service under the terms of such former employer's tax-qualified retirement plan as of the date immediately preceding the date of the Employer's acquisition of the institution or facility.

f. Hours of Service shall be granted for eligibility and vesting purposes during a period of military service which does not exceed two years in duration. Hours of Service shall be credited on the basis of the Employee's

normal workweek when such leave commenced. For purposes of this subsection (f), military service is service with the Armed Forces of the United States during periods of war, national emergency or conscription, subject to the condition that the Employee returns to active employment with the Employer within the period his reemployment rights are protected by applicable law. Notwithstanding the foregoing, Hours of Service shall include qualified military service to the extent required by Code Section 414(u), if such Code Section would grant more service to the Employee.

g. Except to the extent required by subsection (a)(ii) above, Hours of Service shall not be granted for any purpose under the Plan as a result of an Employee's receipt of severance pay from the Employer.

2.32 Joint and Survivor Annuity shall mean an immediate annuity benefit payable monthly for life to a Participant, with a survivor annuity for the life of the Beneficiary which is not less than 50 and not more than 100 percent of the amount of the annuity which is payable during the joint lives of the Participant and the Beneficiary.

2.33 Key Employee shall mean an employee within the meaning of Code Section 416(i). As further set forth in that Code Section, any Employee, former Employee or Beneficiary will be considered a Key Employee if, for the Plan Year that contains the Determination Date or any of the four preceding Plan Years, the employee is:

a. An officer (within the meaning of Code Section 416(i)) having "annual compensation" from the Employer greater than 50 percent of the Defined Benefit Dollar Limitation for any such Plan Year;

b. An owner (or considered an owner under Code Section 318) of one of the ten largest interests in the Employer, who has "annual compensation" from the Employer greater than the dollar limitation in effect under Code Section 415(c)(1)(A) (currently $30,000);

c. A Five Percent Owner; or

d. A One Percent Owner with "annual compensation" from the Employer of more than $150,000.

For purposes of this definition, "annual compensation" means Limitation Year Compensation, plus any amounts contributed by the Employer pursuant to a salary reduction agreement, which are excludable from the Employee's gross income under Section 125, Section 402(a)(8), Section 402(h) or Section 403(b) of the Code.

2.34 Leased Employee shall mean any person (other than one who is an employee without regard to a leasing arrangement) who performs services pursuant to an agreement between the Employer and a leasing organization if:

a. The services have been performed for the Employer or for the Employer and related persons (determined in accordance with Code Section 414(n)(6)) on a substantially full-time basis for a period of at least one year; and

b. For Plan Years that begin before January 1, 1997, the services are of a type historically performed by employees in the business field of the Employer and, for Plan Years that begin on or after January 1, 1997, the services are performed under the primary direction or control of the Employer.

2.35 Limitation Year shall mean the calendar year.

2.36 Limitation Year Compensation shall mean wages, salaries, and fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer to the extent that the amounts are includable in gross income (including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, reimbursements, and expense allowances), and excluding the following:

a. Employer contributions to a plan of deferred compensation, which are not includable in the Employee's gross income for the taxable year in which contributed, or Employer contributions under a simplified employee pension plan (described in Code Section 408(k)) to the extent such contributions are not includible in the gross income of the Employee, or any distributions from a plan of deferred compensation;

b. Amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by the Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

c. Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and

d. Other amounts which received special tax benefits.

Notwithstanding the above definition, for a self-employed individual that participates in the Plan (if any), Limitation Year Compensation shall mean the net earnings from self-employment in the trade or business with respect to which the Plan is established, for which personal services of the individual are a material income-producing factor. Net earnings will be determined without regard to items not included in gross income and the deductions allocable to such items. Net earnings are reduced by contributions by the Employer to a qualified plan to the extent deductible under Code Section 404. Net earnings shall be determined with regard to the deduction allowed to the taxpayer by Code Section 164(f) for taxable years beginning after December 31, 1989.

For Limitation Years beginning after December 31, 1991, for purposes of applying this Section, Limitation Year Compensation for a Limitation Year is the Limitation Year Compensation actually paid or made available during such Limitation Year.

For Limitation Years beginning after December 31, 1997, for purposes of applying this Section, Limitation Year Compensation paid or made available during such Limitation Year shall include any elective deferral (as defined in Code Section 402(g)(3)), and any amount which is contributed or deferred by the Employer at the election of the Employee and which is not includible in the gross income of the Employee by reason of Code Sections 125 or 457.

2.37 Maximum Retirement Benefit shall mean the maximum Annual Benefit determined in accordance with Article XII of the Plan and Section 415 of the Code.

2.38 Minimum Required Benefit shall mean the benefit described in Article XV which must be provided to Non-Key Employees if the Plan is Top-Heavy for a Plan Year.

2.39 Minimum Vesting Schedule shall mean the vesting schedule required by Article XV if the Plan becomes Top-Heavy for one or more Plan Years.

2.40 Non-Key Employee shall mean an Employee who is not a Key Employee.

2.41 Non-Vested Participant shall mean a Participant who is not a Vested Participant.

2.42 Normal Retirement Age shall mean the date upon which a Participant attains age 65.

2.43 Normal Retirement Date shall mean the first day of the calendar month coinciding with or next following a Participant's Normal Retirement Age.

2.44 One Percent Owner shall mean, as further defined in Code Section 416(i), any person who owns, or is considered as owning under the constructive ownership rules of Code Section 318, more than one percent of the outstanding stock of the Employer or stock possessing more than one percent of the total combined voting power of all stock of the Employer. However, the constructive ownership rules in Code Section 318(a)(2)(C) shall be applied by substituting "one percent" for "50 percent." If the Employer is not a corporation, any person who owns more than one percent of the capital or profits interest in such organization is a One Percent Owner.

2.45 Participant shall mean an Employee who becomes a Participant in the Plan as provided in Article III.

2.4 PBGC shall mean the Pension Benefit Guaranty Corporation.

2.47 Permissive Aggregation Group shall mean a group of plans maintained by the Employer and any Affiliated Employer, which may be aggregated in determining whether the Plan is Top-Heavy, as further defined in Article XV of the Plan.

2.48 Plan shall mean the NBT Bancorp, Inc. Defined Benefit Pension Plan, as amended from time to time. Prior to January 1, 1995, the name of the Plan was The National Bank & Trust Company of Norwich Employees' Defined Benefit Pension Plan and Trust.

2.49 Plan Administrator shall mean the person, committee or other entity appointed to administer the Plan in accordance with Article XI. The Plan Administrator shall be the "named fiduciary" for the management, operation and administration of the Plan, within the meaning of Section 402(a) of ERISA.

2.50 Plan Year shall mean the twelve consecutive month period beginning on October 1st and ending on September 30th; provided, however, that (a) there shall be a short Plan Year beginning on October 1, 1994 and ending on December 31, 1994, and (b) beginning January 1, 1995, the Plan Year shall be the period beginning on January 1st and ending on December 31st.

2.51 Predecessor Plan shall mean any prior statement (or restatement) of the Plan that is being amended and restated by this document.

2.52 Preretirement Survivor Annuity shall mean an annuity for the life of the Spouse that is payable if a Participant dies before his Annuity Starting Date, as provided in Articles VI and VII.

2.53 Qualified Domestic Relations Order shall mean a Domestic Relations Order that creates or recognizes the existence of an Alternate Payee's right to, or assigns to an Alternate Payee the right to, receive all or a portion of the benefits that would otherwise be payable with respect to a Participant under the Plan, and that meets the requirements described in Article XIII.

2.54 Regulation(s) shall mean the Income Tax Regulations promulgated by the Secretary of the Treasury or his delegate, as amended from time to time, including proposed and temporary Regulations. References to any Section of the Regulations shall include any successor provision.

2.55 Required Aggregation Group shall mean a group of plans maintained by the Employer and any Affiliated Employer, which must be aggregated in determining whether the Plan is Top-Heavy, as further defined in Article XV of the Plan.

2.56 Required Beginning Date shall mean the date when distributions must begin to a Participant, as further defined in Article IX of the Plan.

2.57 Retirement shall mean voluntary termination of employment with the Employer for a reason other than death, after a Participant has fulfilled all requirements for a normal, early or disability retirement benefit.

2.58 Social Security Retirement Age shall mean the earliest age at which an individual can collect full, unreduced Social Security benefits. The Social Security Retirement Age is:

a. Age 65 for a Participant who attains age 62 before January 1, 2000 (i.e., born before January 1, 1938);

b. Age 66 for a Participant who attains age 62 after December 31, 1999, but before January 1, 2017 (i.e., born after December 31, 1937, but before January 1, 1955); and

c. Age 67 for a Participant who attains age 62 after December 31, 2016 (i.e., born after December 31, 1954).

2.59 Spouse or Surviving Spouse shall mean the lawful wife of a male Participant or the lawful husband of a female Participant. Notwithstanding the preceding sentence, a former spouse shall be treated as the Spouse or Surviving Spouse (and a current spouse shall not be treated as the Spouse or Surviving Spouse) to the extent provided under a Qualified Domestic Relations Order.

2.60 Super Top-Heavy Plan shall mean a plan for which the Top-Heavy Ratio exceeds 90 percent. As stated in Article XV, if the Plan is Super Top-Heavy and the Employer has also maintained a defined contribution plan, the denominators in the Defined Benefit Fraction and the Defined Contribution Fraction must be reduced when calculating the Maximum Retirement Benefit for individuals who have participated in both plans.

2.61 Top-Heavy shall mean the status of the Plan when it is a Top-Heavy Plan (or a Super Top-Heavy Plan).

2.62 Top-Heavy Plan shall mean a plan for which the Top-Heavy Ratio exceeds 60 percent, including a Super Top-Heavy Plan unless otherwise specified.

2.63 Top-Heavy Ratio shall mean the ratio of the Accrued Benefits of Key Employees to the Accrued Benefits of all Employees, considering this Plan and any plans included in a Required Aggregation Group or Permissive Aggregation Group.

2.64 Top-Heavy Rules shall mean the rules under Code Section 416 and implementing Regulations that will be applicable if the Plan is a Top-Heavy Plan for any Plan Year beginning after December 31, 1983.

2.65 Total and Permanent Disability or Totally and Permanently Disabled. A Participant shall be considered Totally and Permanently Disabled, if he is determined to be entitled to, and is in receipt of, disability benefits under (a) Title II or XVI of the Social Security Act, and (b) any long term disability income plan sponsored by the Employer.

2.66 Trust shall mean the legal entity resulting from the Trust Agreement between the Employer and the Trustee.

2.67 Trust Agreement shall mean the agreement between the Employer and the Trustee, or any successor Trustee, establishing the Trust and specifying the duties of the Trustee.

2.68 Trustee shall mean the trustee or trustees designated by the Board of Directors.

2.69 Vested Participant shall mean a Participant who has a nonforfeitable (vested) interest in his Accrued Benefit derived from Employer contributions to the Plan.

2.70 Years of Benefit Service shall mean a period during which a Participant participates in the Plan and is entitled to a benefit accrual in accordance with Section 4.01.

2.71 Year of Eligibility Service shall mean a computation period during which an Employee is credited with at least 1,000 Hours of Service. The first eligibility computation period is the 12-consecutive-month period that begins on the date the Employee first performs an Hour of Service ("employment commencement date"). Succeeding 12-consecutive-month computation periods begin on each anniversary of the employment commencement date.

2.72 Year of Vesting Service shall mean:

a. For Plan Years that begin on and after October 1, 1976, each Plan Year during which an Employee completes at least 1,000 Hours of Service, and makes any portion of the contribution required of him under the provisions of the Plan then in effect; provided that, for the Plan Year that begins on October 1, 1994 and ends on December 31, 1994, an Employee shall receive credit for a Year of Vesting Service if the Employee completes at least 250 Hours of Services during that Plan Year.

b. For Plan Years that begin prior to October 1, 1976, the applicable of the following:

i. If a Participant on September 30, 1976, the sum of (A) "creditable service" to which a Participant was entitled on September 30, 1976 under the Plan as in effect on such date, and (B) any uninterrupted service in the employ of the Employer prior to his Plan membership date which is not included in (A) above.

ii. If not a Participant on September 30, 1976, each period of twelve consecutive months beginning on the date he first performs an Hour of Service and each anniversary thereof, during which he completed at least 1,000 Hours of Service, bu excluding any such period during which such Employee could have been a participant had he consented to make the contributions required of him in order to become a Participant.

ARTICLE III

ELIGIBILITY AND PARTICIPATION REQUIREMENTS

3.01 Eligibility.

a. An Employee who is employed by the Employer on the Effective Date shall be eligible to participate in the Plan on the Effective Date, if he has satisfied the eligibility requirements in subsection (b) below or if he was a Participant in the Predecessor Plan. In determining previous participation, any provisions of the Predecessor Plan which excluded Employees from participation based on the attainment of a specified age shall not be applied after September 30, 1988 to any Employee who performs an Hour of Service on or after October 1, 1988.

b. After the Effective Date, an Employee employed by the Employer shall be eligible to participate in the Plan as of the first day of the calendar month that coincides with or next follows the date as of which he has both attained age 21 and completed a Year of Eligibility Service provided he is employed by the Employer on that date.

c. In applying the above service requirement, (i) an Employee's service with any Affiliated Employer shall be taken into account, and (ii) an Employee who transfers to employment with the Employer pursuant to the September 11, 1995 Purchase and Assumption Agreement between Community Bank, National Association and the Employer shall receive credit for eligibility service to the extent the Employee is credited with eligibility service under the qualified retirement plans of Community Bank, National Association as of the date the Employee transfers to employment with the Employer.

d. Any person included in a unit of employees covered by a collective bargaining agreement (as defined in Code Section 7701(a)) between Employee representatives and the Employer or an Affiliated Employer shall not be eligible to participate in the Plan, unless such collective bargaining agreement expressly provides for the inclusion of such persons as Participants in the Plan.

3.02 Becoming a Participant. Once an Employee satisfies the requirements in Section 3.01, he shall participate in the Plan automatically. The Plan Administrator shall, no later than 90 days after the Employee meets the eligibility requirements, advise the Employee that he has become a Participant, and provide him with information about the Plan.

3.03 Eligibility after Reemployment.

a. Reemployment before a Break in Service: Upon being reemployed before a One-Year Break in Service has occurred, the reemployed Employee shall be treated as follows:

i. A former Participant shall continue to participate in the Plan as if his employment had not terminated; provided that, for Plan Years that begin prior to January 1, 1995, the period during which the Participant was absent from employment shall not be included in the Participant's Years of Benefit Service.

ii. A former Employee who had not yet become a Participant shall have the period of prior employment counted toward satisfying the service requirement in Section 3.01 as if his employment had not terminated. The Employee shall begin to participate in the Plan in accordance with Sections 3.01 and 3.02, upon satisfying the eligibility requirements.

b. Reemployment after a Break in Service: Upon being reemployed after a Break in Service, the reemployed Employee shall participate in the Plan as follows:

i. Participation shall be reinstated as of the date of reemployment for: (A) a former Vested Participant and (B) a former Non-Vested Participant whose consecutive One-Year Breaks in Service did not exceed the greater of five, or his number of Years of Vesting Service before the Break in Service.

ii. A former Non-Vested Participant with a Break in Service longe than provided in subsection (i), and a former Employee wh had not yet become a Participant when he terminated employment, shall begin to participate in the Plan as of the first day of the calendar month that coincides with or next follows the date he again satisfies the eligibility requirements in Section 3.01.

In applying the above provisions, the computation period shall be the eligibility computation period specified in the definition of "Year of Eligibility Service" in Article II, as though the reemployment date were the employment commencement date.

Notwithstanding the above provisions, prior service will be credited for a Participant who received a distribution of his vested benefits, only if the distribution is repaid as provided in Article V.

3.04 Eligibility Based on Service in Ineligible Classification.

a. If an Employee who had not been in an eligible class of employees of the Employer or an Affiliated Employer becomes a member of such a class, his eligibility to participate in the Plan shall be determined in accordance with the above provisions of this Article, counting service in the ineligible classification.

b. An individual who ceases to be a Participant because he is no longer in an eligible class of employees shall become eligible to participate in the Plan immediately upon returning to an eligible class of employees.

ARTICLE IV

SERVICE CREDITING

4.01 Benefit Service.

a. For service rendered prior to January 1, 1995, a Participant shall be entitled to a Year of Benefit Service for each 12-month period of service with the Employer, beginning on the later of May 9, 1945, or the date the Participant first became a Participant. To the extent not taken into account under the preceding sentence, a Participant shall also receive credit for each completed month (counted as 1/12th of a year) of service with the Employer after the applicable date described in the preceding sentence and before January 1, 1995.

b. Effective January 1, 1995, Years of Benefit Service shall be measured by the Hours of Service performed by a Participant during a Plan Year. A Participant shall receive credit for a Year of Benefit Service for service rendered after December 31, 1994 only if the Participant performs 1,000 Hours of Service in a Plan Year. For the Plan Year during which an Employee first becomes a Participant, the Employee shall be credited with a Year of Benefit Service for that Plan Year only if the Employee performs 1,000 Hours of Service from the date participation begins through the end of the Plan Year. No partial Years of Benefit Service shall be granted.

c. In determining Years of Benefit Service, service with any of the following listed banking institutions by a Participant who was employed by any such institution as of September 29, 1989 shall be considered service with the Employer to the extent the Employee's service was recognized for benefit accrual purposes under such former employer's qualified defined benefit pension plan as of September 29, 1989. The banking institutions referred to are: National Bank of Hancock, Hayes National Bank, Fulton County National Bank and Trust, and Bank of Lake Placid. For an Employee who was employed at the Key Bank of New York branches known as Plattsburgh, Plattsburgh North or Ellenburg Depot as of the date immediately preceding the date of the Employer's acquisition of those branches, Years of Benefit Service also shall include the Employee's service with Key Bank of New York to the extent such service was recognized for benefit accrual purposes under such former employer's qualified defined benefit plan as of the date immediately preceding the date of the Employer's acquisition of those branches.

4.02 Vesting Service.

a. An Employee shall be entitled to credit for a Year of Vesting Service for purposes of determining his vested interest in his Accrued Benefit derived from Employer contributions for all Years of Vesting Service unless excluded by subsection (b) or Section 4.03.

b. For purposes of this Section, service shall not include the following:

i. Service before age 22, if the Employee fails to be credited with an Hour of Service after September 30, 1985;

ii. Service with the Employer during any period for which the Employer did not maintain this Plan or a predecessor Plan; or

iii. Service for periods during which the Employee declined to make any portion of required Employee contributions to the Plan.

c. An Employee who transfers to employment with the Employer pursuant to the September 11, 1995 Purchase and Assumption Agreement between Community Bank, National Association and the Employer shall receive credit for Years of Vesting Service to the extent the Employee is credited with vesting service under the qualified retirement plans of Community Bank, National Association as of the date the Employee transfers to employment with the Employer.

4.03 Treatment of Prior Service after a Break in Service.

a. Vested Participant: If a Vested Participant is reemployed after a One-Year Break in Service, his prior Years of Vesting Service and Years of Benefit Service shall be taken into account in determining his vested percentage in his Accrued Benefit derived from Employer contributions as of the date he is reemployed. Notwithstanding the preceding sentence, a Vested Participant who receives a full distribution of his vested Accrued Benefit following his termination of employment, shall receive credit for the prior Years of Vesting Service and Years of Benefit Service only if he repays the distribution in accordance with Section 5.03.

b. Non-Vested Participant:

i. If a Non-Vested Participant is reemployed after a One-Year Break in Service, his prior Years of Vesting Service and Years of Benefit Service shall not be taken into account, if the number of consecutive One-Year Breaks in Service equals or exceeds the greater of: (i) five or (ii) the Participant's Years of Vesting Service prior to the Break in Service.

ii. If the Non-Vested Participant has a shorter Break in Service than that described in subsection (i), he shall receive credit for his prior Years of Vesting Service and Years of Benefit Service in the same manner as provided for a Vested Participant in subsection (a) above.

c. Prior Break in Service: In applying the above provisions, the aggregate number of Years of Vesting Service and Years of Benefit Service before the Break in Service shall be deemed not to include any Years of Vesting Service or Years of Benefit Service not required to be taken into account under this Section by reason of any prior Break in Service.

4.04 Retention of Service. A Participant's benefit accrual and vested interest in benefits under the Plan up to the Effective Date shall be determined according to the Predecessor Plan as in effect immediately prior to the Effective Date. On the Effective Date and thereafter, a Participant's benefit accrual and vested interest shall not be reduced by termination of employment, Breaks in Service or for any other reason, except as provided in the Plan.

4.05 Limitation of Service Credited. No more than one Year of Vesting Service and one Year of Benefit Service shall be credited with respect to any 12-month period. The foregoing sentence shall not prevent the crediting of a full Year of Vesting Service for the Plan Year that begins on October 1, 1994 and ends on December 31, 1994 for an Employee who completes at least 250 Hours of Service in that Plan Year.

ARTICLE V

VESTING AND FORFEITURES

5.01 Vesting Schedule. Except as provided in Section 5.02 below, a Participant's Accrued Benefit shall become vested in accordance with the applicable schedule below.

a. An Employee who is credited with at least one Hour of Service after the Effective Date, but who is not credited with at least one Hour of Service after December 31, 1994, shall become vested in accordance with the following schedule:

Years of Vesting Service	Vested Percentages
Less than 3 years	0%
3 years but less than 4 years	20%
4 years but less than 5 years	40%
5 years but less than 6 years	60%
6 years but less than 7 years	80%
7 years or more	100%

b. An Employee who is credited with Hours of Service only after December 31, 1994 shall become vested in accordance with the following schedule:

Years of Vesting Service	Vested Percentage
Less than 5 years	0%
5 years or more	100%

c. An Employee who (i) is credited with at least one Hour of Service during the period that begins on the Effective Date and ends on December 31, 1994, and (ii) is credited with at least one Hour of Service after December 31, 1994, shall become vested in accordance with the schedule above that provides the greatest Vested Percentage for the Employee.

5.02 Exceptions to Vesting Schedule. Notwithstanding the above schedule, the following rules shall apply in determining a Participant's vested interest in his Accrued Benefit:

a. In case of a change in the vesting schedule, the rules in Section 5.04 shall be applied to Participants affected by the change.

b. The Minimum Vesting Schedule in Article XV shall become applicable if the Plan is Top-Heavy for one or more Plan Years. (The rules in Section 5.04 apply to any change to or from the Minimum Vesting Schedule.)

c. A Participant shall become 100 percent vested in his Accrued Benefit upon (i) the Participant's attainment of Normal Retirement Age while still actively employed by the Employer, (ii) the Participant's death at a time when he is actively employed by the Employer, or (iii) the Participant's termination of employment due to Total and Permanent Disability.

5.03 Forfeitures. If a Participant terminates his employment with the Employer at a time when he is not 100 percent vested in his Accrued Benefit derived from Employer contributions, the nonvested portion of the benefit shall be forfeited subject to the following provisions:

a. Time of Forfeiture: If a Participant terminates employment with the Employer and receives a distribution from the Plan, his nonvested benefits shall be forfeited when the distribution is made. If the Participant does not receive a distribution, his nonvested benefits shall be forfeited as of the end of the Plan Year in which he incurs five consecutive One-Year Breaks in Service. For purposes of this subsection, if the present value of the Participant's vested Accrued Benefit is zero, he shall be deemed to have received a distribution of the Accrued Benefit when he terminated employment.

b. Use of Forfeiture: Any benefits forfeited pursuant to this Section shall be used to reduce future Employer contributions to the Plan. In no event shall the remaining Participants receive additional benefits as a result of the forfeitures.

c. Restoration of Forfeited Amounts:

i. A Participant who forfeited benefits when he received a distribution from the Plan shall have the right to restore his Accrued Benefit to the extent forfeited, provided that he resumes employment and repays to the Plan the full amount of the distribution plus interest (using the interest rates determined under Section 411(c)(2)(C) of the Code). Any repayment pursuant to this subsection must be made before the earlier of (A) five years after the first date on which the Participant is subsequently reemployed by the Employer; or (B) the close of the first period of five consecutive One-Year Breaks in Service after the distribution was made.

ii. If a Participant who was deemed to receive a distribution pursuant to subsection (a) above resumes employment with the Employer before incurring five consecutive One-Year Breaks in Service, the amount of the Accrued Benefit as of the date of the deemed distribution shall be restored when he again participates in the Plan (see Section 3.03)

5.04 Amendments Affecting Vesting Schedule.

a. In the case of an Employee who is a Participant on (i) the date an amendment changing the vesting schedule is adopted, or (ii) if later, the date the amendment is effective, the vested percentage of his Accrued Benefit (determined as of the applicable date) shall not be less than the percentage calculated under the terms of the Plan without regard to the amendment.

b. If the vesting schedule in Section 5.01 is amended, or the Plan is amended in any way that, directly or indirectly, adversely affects the computation of a Participant's nonforfeitable percentage in his future benefit accruals (including an automatic change to or from the Minimum Vesting Schedule if the Plan becomes Top-Heavy), a Participant who is an Employee with at least three Years of Service may elect to have the nonforfeitable percentage of his Accrued Benefit determined without regard to the amendment. For Participants who do not have at least one Hour of Service in a Plan Year beginning after December 31, 1988, the preceding sentence shall be applied by substituting "five Years of Service" for "three Years of Service." In determining a Participant's Years of Service for purposes of this subsection, the exclusions set forth in Section 4.02 shall not apply.

c. A Participant's right to make an election under subsection (b) shall be governed by the following:

i. The Plan Administrator shall provide each affected Participant with written notice and an election form regarding his right to elect to remain under the former vesting schedule.

ii. The election period shall begin with the date the amendment is adopted (or deemed to be made) and shall end on the date which is the latest of: (A) 60 days after the date the amendment is adopted; (B) 60 days after the date the amendment becomes effective; or (C) 60 days after the date the notice described in subsection (i) above is issued by the Plan Administrator.

iii. A Participant who does not timely file a properly completed election form shall be subject to the amended vesting schedule.

ARTICLE VI

BENEFITS ELIGIBILITY

6.01 Normal Retirement Benefit.

a. A Participant shall be eligible to receive benefits upon Retirement on his Normal Retirement Date, provided he completes an application in accordance with subsection (b).

b. To commence receipt of benefit payments, a Participant must submit a signed written application to the Plan Administrator in which he elects an Annuity Starting Date and form of distribution (in compliance with Article IX). Upon proper application, the Plan Administrator shall begin to distribute benefits as soon as administratively feasible.

c. If a Participant continues in employment after his Normal Retirement Date for at least 40 Hours of Service monthly, the Participant shall not receive any benefit payments during the period of such employment. However, benefits shall continue to accrue, and the Participant shall be eligible to receive a late retirement benefit as provided in this Article and Article VII.

d. In the case of a Participant described in subsection (c), the Plan Administrator shall establish procedures to give the Participant the notice required by Department of Labor Regulation 29 C.F.R. ss. 2530.203-3(b)(4) no later than the end of the first calendar month or payroll period in which the Plan does not pay benefits due to the continued employment. Benefit payments to the Participant shall commence no later than the first day of the third calendar month after the calendar month in which he ceases to be employed at the level described in subsection (c).

e. Notwithstanding the above provisions, the payment of benefits shall begin once a Participant has reached his Required Beginning Date.

6.02 Early Retirement Benefit.

a. Upon written notice to the Plan Administrator, a Participant may elect to receive benefits upon Retirement on an Early Retirement Date. The payment of benefits shall be effective as of the first day of the month coinciding with or next following the elected Early Retirement Date.

b. A Participant who terminates employment with a nonforfeitable right to an Accrued Benefit after satisfying the service requirement for an early retirement benefit, but before satisfying the age requirement, may elect to receive early retirement benefits when he later satisfies the age requirement.

6.03 Late Retirement Benefit. A Participant who delays his Retirement until after his Normal Retirement Date shall continue to accrue benefits and shall be eligible to receive a late retirement benefit as of the earlier of (a) the first day of the month coinciding with or next following his Actual Retirement Date, or (b) his Required Beginning Date.

6.04 Disability Retirement Benefit.

a. A Participant who terminates employment because he is Totally and Permanently Disabled, before reaching his Normal Retirement Date, shall be eligible to receive benefits commencing on the Participant's Normal Retirement Date.

b. A Participant must file a written application with the Plan Administrator to receive disability retirement benefits. Upon receiving an application, the Plan Administrator shall determine whether the Participant is Totally and Permanently Disabled as defined in Article II.

6.05 Preretirement Death Benefit. Effective as of January 1, 1995, if a Participant dies before the Annuity Starting Date, death benefits shall be provided in accordance with this Section and the provisions of Article VII regarding preretirement death benefits. If a Participant dies prior to January 1, 1995 and prior to the Annuity Starting Date, only the Preretirement Survivor Annuity shall be payable and shall be payable only to the Surviving Spouse. If the Participant is unmarried at the time of death (prior to the Annuity Starting Date and prior to January 1, 1995), no preretirement death benefit shall be payable.

a. The Participant's Accrued Benefit shall be paid as a Preretirement Survivor Annuity for the life of the Surviving Spouse, as provided in Article VII, unless:

i. The Participant is unmarried or another exception to spousal rights in Section 8.02 applies; or

ii. The Participant waives the Preretirement Survivor Annuity with spousal consent in accordance with subsection (c) below.

b. If benefits are not being paid as a Preretirement Survivor Annuity pursuant to subsection (a), the Participant's designated Beneficiary shall receive preretirement death benefits as provided in Article VII.

c. Waiver of Preretirement Survivor Annuity: A Participant may effectively waive the Preretirement Survivor Annuity, and elect to have the other preretirement death benefit paid to another Beneficiary as follows:

i. The election ust be made in writing and delivered to the Plan Administrator during the period that begins on the first day of the Plan Year in which the Participant attains age 35, and ends on the date of the Participant's death. However, if a Participant terminates employment before the first day of the Plan Year in which he would attain age 35, the election period shall begin on the termination date.

ii. The Participant's Spouse must consent to the election, in a consent which satisfies the requirements in Section 8.02(e).

iii. The election must be made after the Plan Administrator provides the Participant with a notice regarding the Preretirement Survivor Annuity that is comparable to the notice regarding the Joint and Survivor Annuity described in Section 9.01. The Plan Administrator must provide this notice during whichever of the following periods ends last:

A. The period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35;

B. A reasonable period ending after the Employee becomes a Participant; or

C. A reasonable period ending after the Preretirement Survivor Annuity requirements first apply to a Participant.

Notwithstanding the foregoing, notice must be provided within a reasonable period after termination of employment in the case of a Participant who terminates employment with the Employer before attaining age 35.

For purposes of this subsection, a reasonable period after a specified event is the end of the two year period beginning one year prior to the date the event occurs and ending one year after that date. In the case of a Participant who terminated employment before the Plan Year in which he attains age 35, the notice shall be provided within the two-year period beginning one year prior to termination and ending one year after termination. If such a Participant thereafter returns to employment with the Employer, his notice period shall be redetermined.

iv. Notwithstanding the election period described in subsection (i), a Participant who will not yet attain age 35 as of the end of any current Plan Year may make a special election, in the form and method required by

subsection (i), for the period that begins on the date of such election and ends on the first day of the Plan Year in which the Participant will attain age 35. Such an election shall not be valid unless the Spouse consents and the Participant receives a written explanation of the Preretirement Survivor Annuity, as described in sub-sections (ii) and (iii). Preretirement Survivor Annuity coverage automatically will be reinstated as of the first day of the Plan Year in which the Participant will attain age 35. Any new waiver thereafter will be subject to all of the requirements of this Article.

Notwithstanding the preceding provisions, a revocation of a prior waiver of the Preretirement Survivor Annuity may be made by a Participant without the consent of the Spouse at any time prior to the commencement of benefits. The number of revocations shall not be limited.

d. The Plan Administrator shall require satisfactory written proof of the Participant's death before paying benefits under this Section. The Plan Administrator shall also require whatever proof is necessary, in the particular case, to establish the right of any person to receive the benefit.

6.06 Benefits Following Termination of Employment. If a Vested Participant terminates employment at a time when he is not eligible for benefits under any of the preceding Sections of this Article, his benefits shall be distributed in accordance with the following provisions and the provisions of Article VII regarding deferred vested retirement benefits.

a. Benefits Not in Excess of $3,500: If the value of Participant's vested Accrued Benefit does not exceed $3,500, the entire vested amount shall be paid to the Participant in a single lump sum. Payment shall be made as soon as administratively feasible following the termination of employment. No consent is required for this distribution.

b. Benefits in Excess of $3,500: If the present value of a Participant's vested Accrued Benefit derived from Employer (and any Employee) contributions exceeds (or at the time of any prior distribution exceeded) $3,500, he will be entitled to a deferred vested benefit. This means that benefits will only be distributed at times when the Participant or his Beneficiary is eligible to receive benefits under the preceding Sections of this Article.

c. Notwithstanding the foregoing of this Section 6.06, for Annuity Starting Dates that occur on or after January 1, 1998, this Section 6.06 shall be applied by deleting $3,500 and inserting $5,000 in each place that $3,500 appears.

ARTICLE VII

COMPUTATION OF BENEFITS

7.01 Normal Retirement Benefit.

a. The annual normal retirement benefit of a Participant who becomes eligible for benefits under Section 6.01 shall equal the sum of the amounts described in (i), (ii) and (iii) below, with that sum then reduced by the amount described in (iv) 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 (A) 1.60 percent of the Participant's Final Average Compensation for each such Year of Benefit Service, plus (B) .60 percent of the Participant's Final Average Compensation that is in excess of Covered Compensation for each such Year of Benefit Service.

iii. For Years of Benefit Service earned after December 31, 1994, the sum f (A) 1.25 percent of the Participant's Final Average Compensation for each such Year of Benefit Service, plus (B) .60 percent of the Participant's Final Average Compensation that is in excess of Covered Compensation for each such Year of Benefit Service.

iv. The annual normal retirement benefit payable to the Participant from the Retirement Plan of Irving Bank Corporation and Affiliated Companies, or any successor plan, as a result of the Participant's employment with National Bank of Hancock, Hayes National Bank, Fulton Count National Bank and Trust, and/or Bank of Lake Placid through September 29, 1989.

In applying the foregoing formula, the Plan shall at all times satisfy the overall permitted disparity limit of Regulation 1.401(l)-5.

b. For purposes of this Section, "Covered Compensation" means the amounts prescribed in tables published by the Commissioner of the Internal Revenue Service pursuant to Regulation 1.401(l)-1(c)(7)(ii).

c. For purposes of this Section 7.01, the number of Years of Benefit Service taken into account under the Plan shall be limited to the greater of (i) 30, or (ii) the number of Years of Benefit Service completed by the Participant as of December 31, 1994 (up to a maximum of 40). For purposes of this subsection (c), Years of Benefit Service completed by the Participant through September 30, 1989 shall be taken into account.

d. Notwithstanding Section 7.01(a), the annual normal retirement benefit of a Participant who is actively employed and performs at least one Hour of Service after September 30, 1989 shall not be less than the excess of the amount described in (i) below, over the amount described in (ii) below.

i. The sum of (A) 1.60 percent of the Participant's Final Average Compensation determined as of December 31, 1994 for each Year of Benefit Service earned through December 31, 1994 (up to a maximum of 40 years), plus (B) .65 percent of the Participant's Final Average Compensation determined as of December 31, 1994 that is in excess of 1994 Covered Compensation for each Year of Benefit Service earned through December 31, 1994 (up to a maximum of 35 years).

ii. The annual normal retirement benefit payable to the Participant fro the Retirement Plan of Irving Bank Corporation and Affiliated Companies, or any successor plan, as a result of the Participant's employment with National Bank of Hancock, Hayes National Bank, Fulton County National Bank and Trust, and/or Bank of Lake Placid through September 29, 1989.

7.02 Early Retirement Benefit. The early retirement benefit of a Participant who becomes eligible for benefits under Article VI shall be calculated as provided in Section 7.01, based on the Participant's service up to his Early Retirement Date, and then reduced by one-quarter of one percent (.25%) per month for each month by which the Participant's Early Retirement Date precedes the Participant's Normal Retirement Date.

7.03 Late Retirement Benefit.

a. The late retirement benefit of a Participant who becomes eligible for benefits under Article VI shall be determined as provided in Section 7.01, based on the Participant's Compensation and service up to his Actual Retirement Date.

b. The benefit provided under subsection (a) for a Participant who earns Years of Benefit Service after the Participant's Normal Retirement Date shall be redetermined annually in accordance with Section 7.07.

c. Notwithstanding the preceding provisions, the accrual of a Participant's benefit for a Plan Year shall be reduced (but not below zero) by the Actuarial Equivalent of any distributions made from the Plan to the Participant by the close of the Plan Year pursuant to Article IX of the Plan. The reduction shall be determined in accordance with Section 7.07.

7.04 Disability Retirement Benefit. The disability retirement benefit of a Participant who becomes eligible for benefits under Article VI shall be determined as provided in Section 7.01, based on (a) the Participant's Final Average Compensation and Covered Compensation as of the Disability Retirement Date, and (b) the benefit formula in effect under the Plan on the date the Participant ceased active employment. For purposes of determining an eligible Participant's benefit under this Section 7.04, the Participant will be given credit for a Year of Benefit Service for each year between the Participant's Disability Retirement Date and Normal Retirement Date that the Participant remains Totally and Permanently Disabled.

7.05 Preretirement Death Benefit.

a. Effective as of January 1, 1995, the survivor annuity described in subsection (b) or (c), as applicable, shall be payable to the Beneficiary, if the Participant dies before the Annuity Starting Date. If a Participant dies prior to January 1, 1995 and prior to the Annuity Starting Date, only the Preretirement Survivor Annuity shall be payable and shall be payable only to the Surviving Spouse. If a Participant is unmarried at the time of death (prior to the Annuity Starting Date and prior to January 1, 1995), no preretirement death benefit shall be payable.

b. If the Participant dies after his Earliest Retirement Age, the Beneficiary shall receive the same benefit that would be payable if the Participant had retired with a Joint and Survivor Annuity on the day before his death.

c. If the Participant dies on or before his Earliest Retirement Age, the Beneficiary shall receive the same benefit that would be payable if the Participant had:

i. Separated from service on the date of death (or actual date of separation from service, if earlier);

ii. Survived to the Earliest Retirement Age, and retired on that date with an immediate Joint and Survivor Annuity; and

iii. Died on the day after the Earliest Retirement Age.

d. Payment of the preretirement death benefit described in subsections (b) and (c) shall commence as soon as administratively feasible (but not later than one year) after the date of the Participant's death; provided that, if the Beneficiary is the Surviving Spouse, the Surviving Spouse may elect to defer the commencement of payments to the first day of any month before December 31 of the

calendar year in which the Participant would have attained age 70 1/2. If the payment of benefits commences as of a date other than the Participant's Earliest Retirement Age, the benefits paid shall be the Actuarial Equivalent of the benefits that would have been paid at the Participant's Earliest Retirement Age.

e. Notwithstanding the preceding provisions, if the present value of the preretirement death benefit described in subsections (b) and (c) does not exceed $3,500 ($5,000, for distributions that commence on or after January 1, 1998), the full vested amount shall be paid to the designated Beneficiary in a single lump sum. The payment shall be made as soon as administratively feasible following the date on which the Plan Administrator is provided with proof of the Participant's death.

7.06 Deferred Vested Retirement Benefit.

a. The deferred vested retirement benefit of a Participant who becomes eligible for benefits under Article VI shall be the Participant's Accrued Benefit up to his termination of employment, multiplied by the applicable vesting percentage set forth in Article V.

b. The benefit provided by subsection (a) shall be payable at the Participant's Normal Retirement Date or, if the Participant so elects, at an Early Retirement Date if the Participant meets the pertinent requirements set forth in Article VI.

7.07 Reemployment After Benefit Commencement. A Participant in receipt of benefit payments under the Plan who returns to active service with the Employer as an Employee, or, in the case of an active Participant employed after his Required Beginning Date, who continues in active service as an Employee, shall have his allowance recalculated as of the end of each Plan Year as follows:

a. First, the Participant's benefit as of the end of the Plan Year will be calculated without regard to the fact that the Participant is receiving benefits.

b. The Participant's benefit in effect as of the Participant's original Annuity Starting Date will then be subtracted from the benefit determined pursuant to (a) above to determine the extent of any additional accrual.

c. Any additional accrual determined pursuant to (b) above shall then be reduced (but not below zero) by the Actuarial Equivalent value of Plan benefit payments received by the Participant through the end of the Plan Year.

d. Any additional accrual determined pursuant to (c) above shall be converted to the form of payment selected by the Participant as of the Participant's original Annuity Starting Date, using the ages of the Participant and the Participant's Beneficiary (if applicable) at the time of recalculation and conversion.

e. Payment of the recalculated benefit, including any increase, shall be effective as of the first day of the ensuing Plan Year.

7.08 July 1, 1995 Cost-of-Living Increase. Effective as of July 1, 1995, the benefit otherwise determined pursuant to Section 7.01 for each Participant (a) whose employment with the Employer terminated for any reason prior to January 1, 1990, (b) who, at the time employment terminated, had already fulfilled all requirements for a normal, early, or disability retirement benefit, and (c) who is receiving (or upon filing appropriate election forms would be eligible to receive) monthly benefit payments from the Plan as of July 1, 1995, shall be increased by five percent. The foregoing increase shall be applied prior to any adjustment for the date distributions commence and/or for optional forms of payment.

ARTICLE VIII

BENEFICIARIES

8.01 Designation of a Beneficiary.

a. Each Participant may designate one or more Beneficiaries (and contingent Beneficiaries) by delivering a written designation to the Plan Administrator on a form provided by the Plan Administrator, in compliance with the provisions of Section 8.02.

b. A Participant may also make a new designation at any time (in accordance with Section 8.02). Such a designation is effective only upon receipt by the Plan Administrator, at which time it supersedes all prior designations.

c. Upon the death of a Participant, his Beneficiaries shall be entitled to the benefits described in Articles VII and IX.

d. A designation of a Beneficiary shall be effective only if the designated Beneficiary survives the Participant.

e. Upon the legal dissolution of the marriage of a Participant, any designation of the Participant's former Spouse as a Beneficiary shall remain valid, unless otherwise provided in a Qualified Domestic Relations Order, or unless the Participant delivers a new designation to the Plan Administrator or is remarried.

8.02 Spouses's Rights. The Spouse of a married Participant shall be the Participant's Beneficiary, whether or not designated as such, unless one of the following requirements in subsections (a) through (d) below is satisfied.

a. Spouse's Consent to the Beneficiary: The Participant designates a different Beneficiary and the Spouse waives the right to be the Beneficiary in a consent which meets the requirements of subsection (e). In this regard:

i. The Participant must designate a specific Beneficiary that cannot be changed without a new spousal consent, unless the Spouse executes a general consent, as provided in subsection (e)(ii) below.

ii. Notwithstanding subsection (i) above, the Participant may at any time revoke the designation of a non-spouse Beneficiary and restore the Spouse as the Beneficiary, without spousal consent.

b. Separation: The Participant designates a different Beneficiary and is legally separated from his Spouse or has been abandoned, within the meaning of local law, and provides the Plan Administrator with a court order regarding the applicable circumstance. (However, such a Spouse must be considered the Spouse to the extent provided in a Qualified Domestic Relations Order.)

c. Missing Spouse: The Participant designates a different Beneficiary and establishes to the satisfaction of the Plan Administrator that the Spouse cannot be located. The Plan Administrator shall adopt procedures to implement this provision, which shall be applied uniformly to all Participants.

d. Unmarried Participant: The Participant is unmarried. This "deemed" waiver of spousal rights for an unmarried Participant is null and void if the Participant later marries.

e. Consent Requirement: The Spouse's consent to waive survivor benefits in favor of another Beneficiary is valid only if the following requirements are satisfied:

i. The Spouse's consent must be in writing and signed, must acknowledge the effect of the election, and must be witnessed by a notary public.

ii. The Spouse's consent must either acknowledge the specific non-spouse Beneficiary or must expressly permit the Participant to alter the Beneficiary designation without further spousal consent. For Plan Years beginning after October 22, 1986, a consent that permits further designations must also acknowledge (A) that the Spouse has the right to limit consent to a specific Beneficiary and (B) that the Spouse is voluntarily elinquishing this right.

iii. The consent required by this subsection may be given by the legal guardian of a legally incompetent Spouse. This applies even if the Participant is the legal guardian.

iv. A consent is only valid for the Spouse who gives the consent (or for whom the consent is given by a legal guardian).

A valid consent, once given, can be revoked; provided the revocation occurs before the Annuity Starting Date.

8.03 Absence of a Designated Beneficiary. If no effective Beneficiary designation exists at the Participant's death, the Participant shall be deemed to have designated the following Beneficiaries in the following order of priority: (a) the Spouse; (b) children, including adopted children and step-children, in equal shares; (c) parents, in equal shares, and (d) the Participant's estate. This order of priority shall apply to individuals living at the time of the Participant's death.

8.04 Beneficiaries' Rights. Whenever the rights of a Participant are stated or limited in the Plan, his Beneficiaries shall also be bound by the Plan provisions.

ARTICLE IX

DISTRIBUTION REQUIREMENTS

9.01 Form of Distribution.

a. Normal Forms: The normal form of benefit for a Participant who is married on his Annuity Starting Date is a 50 percent Joint and Survivor Annuity with the Spouse as Beneficiary, which is the Actuarial Equivalent of the benefit that would be payable to the Participant if the Participant was not married on his Annuity Starting Date. The normal form of benefit for a Participant who is not married on his Annuity Starting Date is a straight life annuity, payable in monthly installments, for the life of the Participant; provided, however, that if the Participant shall die before having received 60 monthly payments, such monthly payments shall be continued to his Beneficiary until the total number of monthly payments to such Participant and Beneficiary equals 60. If the Participant and Beneficiary die before having received a total of 60 monthly payments, the Actuarial Equivalent value of the balance of such monthly payments shall be paid in a single sum to the estate of the survivor of the Participant and Beneficiary.

b. Optional Forms of Payment: Unless the mandatory cash-out provisions of Section 6.06(a) apply, a Participant may elect to receive his Plan benefit in one of the optional forms of payment described below, provided the Participant and form of payment satisfy the other requirements of this Article IX.

i. A reduced retirement benefit payable during the Participant's lifetime, with the provision that after his death the same benefit shall be paid during the life of such contingent annuitant Beneficiary) as the Participant shall have nominated by written designation duly acknowledged and filed with the Plan Administrator prior to the time payment is to commence.

ii. A reduced retirement benefit payable during the Participant's lifetime, with the provision that after his death the same benefit shall be paid during the life of such contingent annuitant (Beneficiary) as the Participant shall have nominated by written designation duly acknowledged and filed with the Plan Administrator prior to the time payment is to commence. If both the Participant and the contingent annuitant die before 60 monthly payments have been made since the benefit commencement date, the Actuarial Equivalent value of the balance of such 60 monthly payments shall be paid in a single sum to the estate of the survivor of the Participant and contingent annuitant. Participants who elect to commence receipt of benefit payments on or after January 1, 1995 may elect this optional form of payment with 120 monthly payments guaranteed.

iii. A reduced retirement benefit payable during the Participant's life with the provision that after such period a benefit of one-half of the benefit payable during the Participant's life shall be continued during the life of such contingent annuitant (Beneficiary) as the Participant shall have nominated by written designation duly acknowledged and filed with the Plan Administrator prior to the time payment is to commence. If both the Participant and the contingent annuitant die before 60 monthly payments have been made since the benefit commencement date, the Actuarial Equivalent value of the balance of such 60 monthly payments shall be paid in a single sum to the estate of the survivor of the Participant and contingent annuitant. Participants who elect to commence receipt of benefit payments on or after January 1, 1995 may elect this optional form of payment with 120 monthly payments guaranteed.

iv. Effective for benefit payments that commence on or after January 1, 1995, a reduced retirement benefit payable during the Participant's life, with no benefit payable after his death; provided, however, that if the Participant shall die before having received 120 monthly payments, such monthly payments shall continue to be paid to his Beneficiary until the total number of payments to the Participant and the Beneficiary equals 120. If the Participant and Beneficiary both die before having received a tota of 120 monthly payments, the Actuarial Equivalent value of the balance of unpaid monthly payments shall be paid in a single sum to the estate of the survivor of the Participant and Beneficiary.

v. An increased retirement benefit payable during the Participant's life, with no other benefit payable after his death.

c. Election and Consent Requirements

A Participant may effectively waive his normal form of benefit and elect any of the other forms provided in subsection (b) only as follows:

i. The election must be made in writing and delivered to the Plan Administrator during the 90-day period ending on the Annuity Starting Date. Fo Plan Years beginning after December 31, 1986, the election must specify the optional form of benefit elected.

ii. The election must be made after the Plan Administrator provides the Participant with the notice described in subsection (d) below.

iii. Unless an exception stated in Section 8.02 applies, the Spouse of a married Participant must consent to any election, except a different-percentage Joint and Survivor Annuity with the Spouse as the Beneficiary. The Spouse's consent must satisfy the requirements in Section 8.02(e), and, for Plan Years beginning after December 31, 1986 must also agree to the specific optional form of benefits that the Participant elects. Notwithstanding the preceding provisions, the Participant may at any time prior to the commencement of benefits revoke an election and restore the 50 percent Joint and Survivor Annuity for the Spouse. The number of revocations shall not be limited; provided, however, that the form of payment in effect on the Annuity Starting Date may not be changed after the Annuity Starting Date.

d. Notice: No less than 30 and no more than 90 days prior to the Annuity Starting Date, the Plan Administrator shall furnish each Participant with a written notice that explains:

i. The terms and conditions of the 50 percent Joint and Survivor Annuity;

ii. The Participant's right to make, and the effect of, an election to waive the 50 percent Joint and Survivor Annuity;

iii. The rights of the Participant's Spouse;

iv. The right to revoke a previous election and the effect of the revocation; and

v. The relative values of the other forms of payment described in subsection (b).

The Annuity Starting Date for a distribution in a form other than a Joint and Survivor Annuity may be less than 30 days after receipt of the written explanation described above provided: (A) the Participant has been provided with information that clearly indicates that the Participant has at least 30 days to consider whether to waive the Joint and Survivor Annuity and elect (with spousal consent) to a form of distribution other than a Joint and Survivor Annuity; (B) the Participant is permitted to revoke any affirmative distribution election at least until the Annuity Starting Date or, if later, at any time prior to the expiration of the 7-day period that begins the day after the explanation of the Joint and Survivor Annuity is provided to the Participant; and (C) the Annuity Starting Date is a date after the date that the written explanation was provided to the Participant.

e. Amount: The amount payable under any optional form of benefit shall be the Actuarial Equivalent of the benefit payable as a straight life annuity.

f. Annuity Contracts: Benefits to be paid in the form of any type of annuity may be provided through a nontransferable annuity contract issued by a reputable insurance company and purchased by the Trustee, or by direct payment from the Trust, as determined by the Plan Administrator. The terms of any annuity contract purchased and distributed by the Trustee to a Participant or Beneficiary shall comply with the required distribution rules under this Article, and Code Section 401(a)(9) and implementing Regulations.

9.02 Compliance with Code Section 401(a)(9).

a. Incorporation by Reference: Distributions shall be made in compliance with Code Section 401(a)(9) and implementing Regulations, including the minimum distribution incidental benefit requirement of proposed Regulation 1.401(a)(9)-2. These Code and regulatory provisions are hereby incorporated by reference, and shall take precedence over any inconsistent provisions of the plan. (However, the Section 401(a)(9) rules will not extend the period for making a distribution, if other provisions of the Plan require an earlier distribution.) These rules are summarized in this Section and Sections 9.03 through 9.05 below.

b. Life Expectancies: In applying Code Section 401(a)(9) and implementing Regulations:

i. Life expectancies of Participants and Beneficiaries shall be calculated using the expected return multiplies in Tables V and VI of Regulation 1.72-9.

ii. The life expectancies of a Participant and his Spouse shall not be redetermined pursuant to Code Section 401(a)(9)(D).

9.03 Required Distribution to Participant. As stated in Article VI, a Participant generally may elect to defer the receipt of benefits following Retirement. Notwithstanding this general rule, the entire interest of a Participant must be distributed, or begin to be distributed, no later than the Participant's Required Beginning Date, as defined below.

a. Age 70-1/2 before January 1, 1988: For a Participant who attains age 70-1/2 before January 1, 1988, the Required Beginning Date shall be determined as follows:

i. For a Participant who is not a Five Percent Owner, the Required Beginning Date is April 1 of the calendar year following the calendar year in which the later of Retirement or attainment of age 70-1/2 occurs.

ii. For a Participant who is a Five Percent Owner during any year beginning after December 31, 1979, the Required Beginning Date is April 1 following the later of: (A) the calenda yea r in which the Participant attains age 70-1/2, or (B) the earlier of the calendar year with or within which ends the Plan Year in which the Participant becomes a Five Percent Owner, or the calendar year in which the Participant retires.

b. Age 70-1/2 on or after January 1, 1988 and before January 1, 1996: For a Participant who attains age 70-1/2 on or after January 1, 1988 and before January 1, 1996, the Required Beginning Date is April 1 of the calendar year following the calendar year in which the Participant attains age 70-1/2, with the following exception. For a Participant who attains age 70-1/2 during 1988 and has not retired as of January 1, 1989, the Required Beginning Date is April 1, 1990.

c. Age 70-1/2 after December 31, 1995: For a Participant who attains age 70-1/2 after December 31, 1995, the Required Beginning Date shall be determined as follows:

i. For a Participant who is a Five Percent Owner, the Required Beginning Date is April 1 of the calendar year following the calendar year during which the Participant attains age 70-1/2.

ii. For a Participant who is not a Five Percent Owner, the Required Beginning Date is April 1 following the calendar year in which the later of Retirement or attainment of age 70-1/2 occurs; provided, however, that any such Participant who attains age 70-1/2 after December 31, 1995 may elect by April 1 following the calendar year during which the Participant attains age 70-1/2 (or by December 31, 1997 in the case of a Participant who attains age 70-1/2 in 1996) to commence receipt of the Participant's Plan benefit as of April 1 following the calendar year during which the Participant attains age 70-1/2.

For purposes of this Section, a Participant shall be treated as a Five Percent Owner if he is a Five Percent Owner at any time during the Plan Year ending with or within the calendar year in which he attains age 66-1/2 or any subsequent Plan Year. Once distributions have begun to a Five Percent Owner, they must continue even if the Participant ceases to be a Five Percent Owner in a subsequent year.

d. Except with respect to a Five Percent Owner, a Participant's accrued benefit is actuarially increased to take into account the period after age 70-1/2 in which the employee does not receive any benefits under the Plan because the Participant remains in active employment. The actuarial increase begins on April 1 following the calendar year in which the Participant attains age 70-1/2 (January 1, 1997 in the case of a Participant who attained age 70-1/2 prior to 1996), and ends on the date on which benefits

commence after retirement in an amount sufficient to satisfy Code Section 401(a)(9). The benefit payable as of such benefit commencement date shall equal the sum of (i) the Actuarial Equivalent of the Participant's benefit that would have been payable as of the date actuarial increases must commence, plus (ii) the Actuarial Equivalent of any additional benefits accrued after the date actuarial increases must commence.

The sum described above shall be reduced by the Actuarial Equivalent of any distributions made with respect to the Participant's benefit after the date actuarial increases must commence; provided, however, that, in no event will the Participant's benefit at benefit commencement be less than the Participant's benefit determined as of the date actuarial increases must commence.

The actuarial increase described in this Section is generally the same as, and not in addition to, the actuarial increase required for that same period under Code Section 411 to reflect the delay in payments after normal retirement, except that the actuarial increase required under Code Section 401(a)(9)(C) must be provided even during the period during which a Participant is in ERISA Section 203(a)(3)(B) service.

For purposes of Code Section 411(b)(1)(H), the actuarial increase will be treated as an adjustment attributable to the delay in distribution of benefits after the attainment of normal retirement age. Accordingly, to the extent permitted under Code Section 411(b)(1)(H), the actuarial increase required under Code Section 401(a)(9)(C)(iii) may reduce the benefit accrual otherwise required under Code Section 411(b)(1)(H)(i), except that the rules on the suspension of benefits are not applicable.

9.04 Limits on Distribution Periods.

a. As of the first "distribution calendar year," distributions, if not made in a single sum, may be made only over one of the following periods (or a combination thereof):

i. The life of the Participant;

ii. The life of the Participant and a Beneficiary;

iii. A period certain not extending beyond the life expectancy of the Participant; or

iv. A period certain not extending beyond the joint and last survivor expectancy of the Participant and a designated Beneficiary.

b. For distributions beginning before the Participant's death, the first "distribution calendar year" is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date.

c. For distributions beginning after the Participant's death, the first "distribution calendar year" is the calendar year in which distributions are required to begin pursuant to Section 9.05(b).

9.05 Required Distribution to Beneficiary. As provided in Article VII, the designated Beneficiary generally may elect to defer the receipt of benefits payable following the death of a Participant. However, this right is subject to the following restrictions:

a. Distribution Beginning before Death: If the Participant dies after he begins to receive benefits, any benefits that remain undistributed at his death shall be distributed at least as rapidly as the method of distribution being used at the time of his death.

b. Distribution Beginning after Death: If the Participant dies before he begins to receive benefits, payment of the survivor benefit shall commence no later than one year after the date of the Participant's death. As an exception to this rule, if the designated Beneficiary is the Surviving Spouse, the later of the calendar year in which the Participant dies, or the Surviving Spouse may elect to have payments commence on or before December 31 of the later of the calendar year in which the Participant died, or the calendar year in which the Participant would have attained age 70-1/2.

9.06 Location of Participant or Beneficiary Unknown.

a. When a distribution is payable to a Participant or Beneficiary, the Plan Administrator shall make all reasonable efforts to locate that person. These efforts shall include (i) sending a registered letter, return receipt requested, to the person's last known mailing address, and (ii) sending a written request to any person shown in the Employer's records as a relative or other person to contact, asking for information regarding the whereabouts of the Participant or Beneficiary.

b. If the Plan Administrator is unable to locate the person within six months from the date a certified letter was mailed to him, the Plan Administrator shall direct the Trustee to maintain the Participant as an inactive Participant. The Plan Administrator shall continue to maintain the Participant in inactive status until (i) the person entitled to the benefit makes an application for it, or (ii) the benefit reverts by escheat to the State, whichever occurs first.

9.07 Facility of Payment. If the Plan Administrator finds that any person to whom a benefit is payable from the Fund is unable to care for his affairs because of illness or accident, any payment due may be paid to the Spouse, a child, a parent, or a brother or sister, or to any person deemed by the Plan Administrator to have incurred expense for the person, unless a prior claim for the benefit has been made by a duly appointed guardian, committee or other legal representative. Any such payments will be a complete discharge of any liability under the Plan.

9.08 Eligible Rollover Distributions.

a. Application of Section. This Section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

b. Definitions.

i. Eligible Rollover Distribution: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).

ii Eligible Retirement Plan: An eligible retirement plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the Surviving Spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

iii. Distributee: A distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's Surviving Spouse and the Employee's or former Employee's Spouse or former Spouse who is the Alternate Payee under a Qualified Domestic Relations Order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the Spouse or former Spouse.

iv. Direct Rollover: A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

ARTICLE X

FINANCING

10.01 Fund. The funding of the Plan and payment of benefits shall be provided for through the medium of the Fund held by the Trustee under the provisions of the Trust Agreement, which is deemed to form a part of the Plan. All rights or benefits which may accrue to any person under the Plan shall be subject to the Trust Agreement. The names of the current Trustees are available from the Secretary of the Employer. The contributions of the Employer, together with any income, gains, or profits, less distributions and losses, shall constitute the Fund. The Employer shall determine the form and terms of any such Trust Agreement, and may modify the Trust Agreement from time to time to accomplish the purposes of the Plan, and may remove any Trustee.

10.02 Contributions to the Plan. The Employer intends to make, from time to time, such contributions to the Fund as determined by the Plan Administrator. Expenses of the Plan, unless paid by the Employer, shall be paid out of the assets of the Fund. There are no Employee contributions to the Plan.

10.03 Funding Policy. The Plan Administrator shall establish a written funding policy and method consistent with the objectives of the Plan and the requirements of Title I of ERISA. The Plan Administrator shall review such funding policy and method at least annually. In its actions, the Plan Administrator shall endeavor to determine the Plan's short-term and long-term objectives and financial needs, taking into account the need for liquidity to pay benefits and the need for investment growth. All actions under this Section, including the supporting reasons, shall be recorded in writing by the Plan Administrator and communicated to the Trustee and Board of Directors.

10.04 Return of Employer Contributions. Contributions shall be returned to the Employer by the Trustee, if the Plan Administrator certifies in writing to the Trustee that one or more of the following circumstances exists:

a. If the Employer made a contribution by mistake of fact, the contribution shall be returned to the Employer within one year after its payment to the Trustee.

b. If the Employer made the contribution conditioned on the qualification of the Plan under the Code, and if the Plan receives an adverse determination with respect to its initial qualification, the contribution shall be returned to the Employer within one year after such final determination as described in Section 16.05(a), but only if the application for the determination is made by the time prescribed by law for filing the Employer's tax return for the taxable year in which the Plan was adopted, or such later date as the Secretary of the Treasury may prescribe.

c. To the extent that a deduction for a contribution under Section 404 of the Code is disallowed, the contribution shall be returned to the Employer within one year after the disallowance (or within one year after the date a court decision upholding the disallowance becomes final).

With respect to the return of contributions occasioned by the circumstances listed in subsections (a) and/or (c) above, the amount which shall be returned to the Employer is the excess of the amount contributed over the amount that would have been contributed had there not occurred a mistake of fact or a mistake in determining the deduction. Earnings attributable to the excess contribution shall not be returned to the Employer, but losses attributable to the contribution must reduce the amount to be returned.

ARTICLE XI

ADMINISTRATION

11.01 Plan Administrator.

a. The Plan Administrator shall be the named fiduciary for the Plan and shall be responsible for the management, operation and administration of the Plan.

b. The Board of Directors shall have the authority to appoint an individual or other entity, or a committee consisting of three members to be the Plan Administrator, and to fill any vacancies which occur, in its sole discretion. Any appointee is subject to removal by the Board of Directors at any time, and may resign at his own volition upon 10 days prior written notice to the Board of Directors. If at any time there is no appointed Plan Administrator because vacancies have not been filled, the Board of Directors shall be deemed the Plan Administrator. Names of all current appointees shall be available from the Secretary of the Employer.

c. If the Plan Administrator is a committee, any act that this Plan authorizes or requires the Plan Administrator to do may be done at a meeting of the committee by a majority of the members then voting.

d. The Board of Directors will appoint a chairman and a secretary and such other agents and representatives of the pension committee as it may deem advisable (see Section 11.05). In its relationship with the Trustee and any insurance company or companies on any matter or thing included in this Plan, one member of the committee may be authorized by it to sign or execute any document on its behalf. The Chairman of the Board of Directors will certify to the Trustee and to such insurance company or companies the name and signature of the member of the committee who is so authorized.

e. The Plan Administrator will serve without compensation for services as such, but all the Plan Administrator's expenses shall be paid by the Employer (see Section 11.11).

f. The Board of Directors, in its sole discretion, may also designate the Trustee as the Plan Administrator. Any such designation shall be valid only if the Trustee acknowledges responsibility for the management, operation and administration of the Plan in writing. Thereafter, all references in the Plan and Trust to the Plan Administrator shall mean the Trustee unless and until the Board of Directors appoints a different Plan Administrator in accordance with this Section.

11.02 Fiduciary and Administrative Duties

a. The Plan Administrator shall have the following powers, duties, and responsibilities, which it may retain or delegate among the below-mentioned bodies:

i. Powers, duties, and responsibilities of administration which shall be delegable to an administrator;

ii. Powers, duties, and responsibilities of custody and disbursement of the assets of the Fund, which shall be delegable to the Trustee, the administrator, or an insurance company, and

iii. Powers, duties, and responsibilities of investment which shall be delegable to the Trustee, an investment advisor, or an insurance company.

The Plan Administrator may appoint an administrator, an investment advisor, or an insurance company, and review or redelegate the exercise of these powers, duties and responsibilities at any time.

b. As provided in Section 10.03, the Plan Administrator will prescribe a funding policy for the Plan.

11.03 General Powers and Discretion of Plan Administrator.

a. The Plan Administrator shall have all powers necessary to administer the Plan in accordance with its terms, including the power to construe the Plan and determine all questions that arise under it.

b. Notwithstanding any other provision in the Plan, and to the full extent permitted by law, the Plan Administrator shall have exclusive authority and discretion to interpret, construe and apply all of the terms of the Plan, including any uncertain or disputed term or provision in the Plan. The Plan Administrator's authority and discretion shall include, but not limited to, the following:

i. Determining and deciding all questions of law and/or fact that arise under the Plan;

ii. Determining whether any individual is eligible for any benefits under this Plan; and

iii. Determining the amount of benefits, if any, an individual is entitled to under this Plan.

c. The Plan Administrator's exercise of discretionary authority to interpret, construe and apply the terms of the Plan, and all its determinations, interpretations and applications shall:

i. Be binding upon any individual claiming benefits under this Plan, including, but not limited to, the Participant, the Participant's estate, any Beneficiary of the Participant, and any Alternate Payees;

ii. Be given deference in all courts of law, to the greatest extent allowed by applicable law; and

iii. Not be overturned or set aside by any court of law unless found to be arbitrary and capricious, or made in bad faith.

d. If the discretionary authority in subsection (c) is exercised with respect to an individual who is a member of the pension committee, the authority shall be exercised solely and exclusively by the other members. If the individual is the only Plan Administrator at the time, the discretionary authority shall be exercised by the Board of Directors, not including the affected individual if he is also a member of the Board of Directors.

e. Any discretionary actions of the Plan Administrator or Board of Directors shall be taken in a manner that does not discriminate in favor of Highly Compensated Employees.

11.04 Administration of the Fund.

a. The Trustee shall be responsible for the management and investment of the Fund in accordance with the provisions of the Trust agreement.

b. Directives of the Plan Administrator to the Trustee shall be delivered in writing, and properly signed.

11.05 Delegation of Powers.

a. When the Plan Administrator appoints assistants or representatives, it may delegate to them any powers and duties, both ministerial and discretionary, as it deems expedient or appropriate (except as provided in Section 11.06).

b. Any appointment under this Section or Section 11.06 shall be made pursuant to a signed, written instrument.

11.06 Appointment of Professional Assistants and Investment Managers.

a. The Plan Administrator may engage accountants, attorneys, physicians and such other professional personnel as it deems necessary or advisable. The Plan Administrator may also appoint one or more investment managers to manage all or any of the assets of the Trust, including the power to acquire or dispose of assets. However, the appointment of an investment manager must be approved by the Board of Directors, and the investment manager must acknowledge in writing that it is a fiduciary with respect to the Plan. An investment manager can only be a party that is either (i) registered as an investment adviser under the Investment Advisers Act of 1940, (ii) a bank, as defined in that Act, or (iii) an insurance company qualified to manage, acquire and dispose of Plan assets under the laws of more than one State.

b. The functions of persons engaged under this Section shall be limited to the specific services and duties for which they are engaged. Such persons shall have no other duties, obligations or responsibilities under the Plan or Trust, and shall exercise no discretion regarding the management of the Plan. Unless engaged specifically as an investment manager, such a person shall exercise no authority or control respecting management or disposition of the assets of the Trust.

c. The fees and costs of services under this Section are an administrative expense of the Plan to be paid out of the Fund, except to the extent paid by the Employer.

11.07 Records. All acts and determinations with respect to the Plan shall be duly recorded. All such records and other documents that may be necessary for the administration of the Plan shall be preserved in the custody of the Plan Administrator (or its appointed assistants or representatives).

11.08 Notice of Rollover Treatment. When making a qualifying rollover distribution within the meaning of Code Section 402(a), the Plan Administrator shall provide to the recipient a written explanation of:

i. The circumstances under which such distribution will not be subject to tax if transferred to an eligible retirement plan (as defined in Code Section 402(a)) within 60 days after the date on which the recipient receives the distribution; and

ii. If applicable, the income averaging provisions of Code Section 402(e).

11.09 Responsibility of Fiduciaries. The Plan Administrator and any assistant or representative, other than any Investment Manager, shall be free from all liability for acts and conduct in the administration of the Plan and Trust, except for acts of willful misconduct.

However, the preceding sentence shall not relieve any fiduciary from any responsibility, obligation or duty that the fiduciary may have pursuant to ERISA.

11.10 Indemnity by Employer. To the extent not insured against by an applicable insurance policy, and to the extent permitted by law, the Employer shall indemnify and hold harmless the Plan Administrator and its assistants and representatives from any and all claims, demands, suits or proceedings in connection with the Plan or Trust that may be brought against them, provided the individual or entity being indemnified is/was an employee, or committee of employees, of the Employer.

11.11 Payment of Fees and Expenses. To the extent consistent with ERISA, the Plan Administrator and assistants and representatives, shall be entitled to payment from the Fund for all reasonable costs, charges and expenses incurred in the administration of the Plan and Trust. This includes, but is not limited to, reasonable fees for accounting, legal and other services, to the extent incurred in the performance of duties under the Plan and Trust, except to the extent that the fees and costs are paid by the Employer. Notwithstanding any other provision of the Plan or Trust, no person who is a "disqualified person," within the meaning of Code Section 4975(e)(2) and who receives full-time pay from the Employer shall receive compensation from the Trust Fund, except for reimbursement of expenses properly and actually incurred.

11.12 ERISA Reporting and Disclosure. The Plan Administrator shall be responsible for the performance of all reporting and disclosure obligations under ERISA.

11.13 Service of Legal Process. The Plan Administrator shall be the designated agent of the Plan for service of legal process.

11.14 Claim for Benefits. Any claim for benefits by a Participant or Beneficiary shall be made in writing to the Plan Administrator.

11.15 Denial of Claim.

a. If the Plan Administrator denies a claim in whole or in part, it shall send the Participant or Beneficiary ("claimant") a written notice of the denial.

b. The Plan Administrator shall send the denial notice within 90 days after the date it receives a claim, unless it needs additional time to make its decision. In that case, the Plan Administrator may authorize an extension of up to an additional 90 days, if it notifies the claimant of the extension within the initial 90-day period. The extension notice shall state the reasons for the extension and the expected decision date.

c. The denial notice shall be written in a manner calculated to be understood by the claimant and shall contain:

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

ii. Specific reference to pertinent Plan provisions on which the denial is based;

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

iv. An explanation of the review procedures provided by sections 11.16 and 11.17.

11.16 Request for Review of Denial.

a. Within 60 days after the claimant receives a denial notice, he may file a request for review with the Plan Administrator. Any such request must be made in writing.

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

11.17 Review Decision.

a. The Plan Administrator shall send the claimant a written decision on any request for review that it receives.

b. The Plan Administrator shall send the review decision within 60 days after the date it receives a request for review, unless an extension of time is needed, due to special circumstances. In that case, the Plan Administrator may authorize an extension of up to an additional 60 days, provided it notifies the claimant of the extension within the initial 60-day period.

c. The review decision shall be written in a manner calculated to be understood by the claimant and shall contain:

i. The specific reason or reasons for the decision; and

ii. Specific reference to the pertinent Plan provisions on which the decision is based.

d. If the Plan Administrator does not send the claimant a review decision within the applicable time period, the claim shall be deemed denied on review.

e. The review decision (including a deemed decision) shall be the final decision of the Plan.

ARTICLE XII

LIMITATIONS ON BENEFITS

12.01 General Rules.

a. Incorporation of Code Section 415: In addition to the specific provisions of this Article, the terms of Code Section 415 and implementing Regulations are hereby incorporated by reference and shall govern the determination of the Maximum Retirement Benefits of all Participants.

b. Aggregation of Employers and Plans: As further set forth in this Article and Code Section 415, the Maximum Retirement Benefit is an aggregate limitation that applies to this Plan and any other plans, described below, that are maintained by the Employer or an Affiliated Employer. Therefore, for purposes of this Article, all qualified defined benefit plans, whether terminated or not, ever maintained by the Employer shall be treated as one defined benefit plan, and all qualified defined contribution plans, whether terminated or not, ever maintained by the Employer shall be treated as one defined contribution plan. Any required employee contributions to a defined benefit plan shall be treated as annual additions to a defined contribution plan. However, the annual additions for Limitation Years beginning before January 1, 1987 shall not be recomputed to treat all employee contributions as annual additions.

12.02 Code Section 415 Limitations. For Limitation Years beginning after December 31, 1986, the Annual Benefit payable to a Participant shall not exceed the Maximum Retirement Benefit for any Limitation Year. If the benefit a Participant would otherwise accrue would produce an Annual Benefit in excess of the Maximum Retirement Benefit, the rate of accrual will be reduced so that the Annual Benefit will equal the Maximum Retirement Benefit.

a. Annual Benefit means a retirement benefit under the Plan that is payable annually in the form of a straight life annuity.

i. The Annual Benefit does not include any benefits attributable to employee contributions.

ii. A benefit payable in a form other than a straight life annuity must be adjusted to an Actuarially Equivalent straight life annuity before applying the limitations of this Article. For Limitation Years beginning before January 1, 1995, such Actuarially Equivalent straight life annuity is equal to the greater of the annuity benefit computed using the interest rate specified in the Plan for adjusting benefits in the same form or 5 percent. For Limitation Years beginning after December 31, 1994, the Actuarially Equivalent straight life annuity

is equal to the greater of the annuity benefit computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for adjusting benefits in the same form, and the annuity benefit computed using a 5 percent interest rate assumption and the Applicable Mortality Table (defined in Section 2.03(c) of the Plan). In determining the Actuarially Equivalent straight life annuity for a benefit form other than a nondecreasing annuity payable for a period of not less than the life of the Participant (or, in the case of a Pre-Retirement Survivor Annuity, the life of the surviving spouse), the Applicable Interest Rate (defined in Section 2.09 of the Plan) will be substituted for "a 5 percent interest rate assumption" in the preceding sentence.

b. Maximum Retirement Benefit means the lesser of:

i. The Defined Benefit Dollar Limitation; or

ii. The Participant's highest average compensation. For purposes of the preceding sentence, "highest average compensation" means the average Limitation Year Compensation for the three consecutive Limitation Years that produces the highest average for the Participant. The actual number of Limitation Year shall be used for Participants who have been employed for less than three consecutive Limitation Years. In the case of a Participant who has separated from service, the Participant's highest average compensation will be automatically adjusted by multiplying such compensation by the cost of living adjustment factor prescribed by the Secretary of the Treasury under Code Section 415(d) in such manner as the Secretary shall prescribe. The adjusted compensation amount will apply to Limitation Years ending within the calendar year of the date of the adjustment.

c. Actuarial Increase of Defined Benefit Dollar Limitation: In the case of a benefit that begins after the Participant attains his Social Security Retirement Age, the Defined Benefit Dollar Limitation, as reduced under subsection (e) if necessary, shall be actuarially increased, using (in Limitation Years beginning before January 1, 1995) an interest rate that is the lesser of five percent or the interest rate specified in the first paragraph of Section 2.03. For Limitation Years beginning after December 31, 1994, the equivalent annual benefit beginning after Social Security Retirement age shall be determined as the lesser of the equivalent annual benefit computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for purposes of determining actuarial equivalence for delayed retirement benefits, and the equivalent annual benefit computed using a 5 percent interest rate assumption and the Applicable Mortality Table as defined in Section 2.03(c) of the Plan.

d. Actuarial Decrease of Defined Benefit Dollar Limitation:

i. If the Annual Benefit of the Participant commences before the Participant's Social Security Retirement Age, but on or after age 62, the Defined Benefit Dollar Limitation as reduced under subsection (e) if necessary, shall be determined as follows:

A. If a Participant's Social Security Retirement Age is 65, the dollar limitation for benefits commencing on or after age 62 is determined by reducing the Defined Benefit Dollar Limitation by 5/9 of one percent for each month by which benefits commence before the month in which the Participant attains age 65.

B. If a Participant's Social Security Retirement Age is greater than 65, the dollar limitation for benefits commencing on or after age 62 is determined by reducing the Defined Benefit Dollar Limitation by 5/9 of one percent for each of the first 36 months and 5/12 of one percent for each of the additional months (up to 24 months) by which benefits commence before the month of the Participant's Social Security Retirement Age.

ii. If the Annual Benefit of a Participant commences prior to age 62, the Defined Benefit Dollar Limitation shall be the actuarial equivalent of the Defined Benefit Dollar Limitation for age 62, as determined above, reduced for each month by which benefits commence before the month in which the Participant attains age 62. To determine actarial equivalence in Limitation Years that begin before January 1, 1995, the interest rate assumption shall be the greater of the rate specified in the first paragraph of Section 2.03 or five percent. For Limitation Years that begin after December 31, 1994, the annual benefit beginning prior to age 62 shall be determined as the lesser of the equivalent annual benefit computed using the interest rate and mortality table (or other tabular factor) equivalence for early retirement benefits, and the equivalent annual benefit computed using a five percent interest rate and the Applicable Mortality Table as defined in Section 2.03(c) of the Plan. Any decrease in the adjusted Defined Benefit Dollar Limitation determined in accordance with this subsection (ii) shall not reflect any mortality decrement to the extent that benefits will not be forfeited upon the death of the Participant.

e. Reduction of Maximum Retirement Benefit:

i. If a Participant has less than ten Years of Participation, the Defined Benefit Dollar Limitation shall be multiplied by a fraction, the numerator of which is the number of Years of Participation (or part thereof), and the denominator of which is ten. To the extent provided in Regulations or othe guidance issued by the Internal Revenue Service, he preceding sentence shall be applied separately with respect to each change in the benefit structure of the Plan.

ii. If the Participant has less than ten Years of Service, the compensation limitation in subsection (b)(ii) shall be multiplied by a fraction, the numerator of which is the Participant's number of Years of Service (or part thereof), and the denominator of which is ten.

iii. The adjustments of this subsection (e) shall be applied in the denominator of the Defined Benefit Fraction based upon Years of Service. For purposes of computing the Defined Benefit Fraction only, Years of Service shall include future Years of Service (or part thereof) commencing before the Participant's Normal Retirement Age. Such future years shall include the year that contains the date the Participant reaches Normal Retirement Age, only if it can reasonably be anticipated that the Participant will receive a Year of Service for such year, or the year in which the Participant terminates employment, if earlier.

12.03 Deemed Satisfaction of Maximum Retirement Benefit Limitation.

i. The Maximum Retirement Benefit limitation shall be deemed satisfied if the aggregate Annual Benefits payable to a Participant under this Plan and all other defined Benefit plans of the Employer do not exceed $10,000.

ii. This deeming provision shall apply to a Participant if he has not at any time participated in a defined contribution plan maintained by the Employer (or in a welfare benefit pla n under Code Section 419(e) or an individual medical account under Code Section 415(l)(2)). For purposes of this subsection, a defined benefit plan that provides for employee contributions, which are treated as annual additions, does not constitute the maintenance of a separate defined contribution plan maintained by the Employer.

12.04 Maximum Retirement Benefit for Multiple Plans.

a. Multiple Defined Benefit Plans: If a Participant has ever been covered under more than one defined benefit plan maintained by the Employer, the sum of the Participant's Annual Benefits from all such plans shall not exceed the Maximum Retirement Benefit. The Employer shall reduce and, if necessary, freeze the accrual of benefits under this Plan to the extent necessary to meet this limitation.

b. Defined Benefit Plan and Defined Contribution Plan: For Limitation Years beginning before January 1, 2000, if a Participant is or has been covered by a defined contribution plan maintained by the Employer (including a welfare benefit fund, as defined in Code Section 419(e) or an individual medical account as defined in Code Section 415(l)(2)), the sum of the Participant's Defined Benefit Fraction and Defined Contribution Fraction, as defined below, shall not exceed 1.0 in any Limitation Year.

i. Defined Benefit Fraction: The numerator of the Defined Benefit Fraction is the sum of the Participant's "projected annual benefits" under all defined benefit plans of the Employer (whether or not terminated). The denominator is the lesser of 1.25 times the dollar limitation determined for the Limitation Year under Sections 415(b) and (d) of the Code and in accordance with Section 12.02(e) above, or 1.4 times the Participant's "highest average compensation," including any adjustments under Section 415(b) of the Code. In determining the Defined Benefit Fraction:

A. "Projected annual benefit" means the annual retirement benefit (adjusted to an actuarially equivalent straight life annuity, if such benefit is expressed in a form other than a straight life annuity, or qualified joint and survivor annuity) to which the Participant would be entitled under the terms of the Plan, assuming that: (1) The Participant will continue employment until Normal Retirement Age under the Plan (or current age, if later), and (2) The Participant's Compensation for the current Limitation Year and all other relevant factors used to determine benefits under the Plan will remain constant for all future Limitation Years.

B. "Highest average compensation" is defined in Section 12.02(b)(ii).

C. Notwithstanding the preceding provisions, if a Participant was a Participant as of the first day of the first Limitation Year beginning after December 31, 1986 in a defined benefit plan maintained by the Employer which was in existence on May 6, 1986, the denominator of the fraction will

not be less than 125 percent of the sum of the annual benefits under such plan, which the Participant had accrued as of the close of the last Limitation Year beginning before January 1, 1987, disregarding any changes in the terms and conditions of the Plan after May 5, 1986. The preceding sentence applies only if any such defined benefit plans, individually and in the aggregate, satisfied the requirements of Code Section 415 for all Limitation Years beginning before January 1, 1987.

ii. Defined Contribution Fraction: The numerator of the Defined Contribution Fraction is the sum of the annual additions to the Participant's accounts under all defined contribution plans (whether o not terminated) maintained by the Employer for the current and all prior Limitation Years. The denominator is the sum of the "maximum aggregate amounts" for the current and all prior Limitation Years of Service with the Employer regardless of whether a defined contribution plan was maintained by the Employer. In determining the Defined Contribution Fraction:

A. "Maximum aggregate amount" means the lesser of (1) 125 percent of the defined contribution dollar limitation, determined in accordance with Code Sections 415(c) and (d), or (2) 35 percent of the Participant's Limitation Year Compensation for such year.

B. If the Participant was a Participant as of the first day of the first Limitation Year beginning after December 31, 1986, in one or more defined contribution plans of the Employer, which were in existence on May 6, 1986, the numerator of the fraction will be adjusted if the sum of this fraction and the Defined Benefit Fraction would otherwise exceed 1.0 under the terms of this Plan. Under the adjustment, an amount equal to the product of (1) the excess of the sum of the fractions over 1.0 times (2) the denominator of this fraction will be permanently subtracted from the numerator of the fraction. The adjustment is calculated using the fractions as they would be computed as of the end of the last Limitation Year beginning before January 1, 1987, and disregarding any changes in the terms and conditions of the plan made after May 5, 1986, but using the code Section 415 limitation applicable to the first Limitation Year beginning on or after January 1, 1987.

iii. Adjustment: If the sum of the Defined Benefit Fraction and the Defined Contribution Fraction exceeds 1.0 in any Limitation Year for a Participant, the Plan Administrator shall adjust the numerator of the Defined Benefit Fraction, so that the sum of the fractions for the Participant does not exceed 1.0 in any Limitation Year.

iv. Super Top-Heavy Rules: In applying the above rules, if the Plan i s a Super Top-Heavy Plan, the denominators of both the Defined Benefit Fraction and the Defined Contribution Fraction shall be adjusted as provided in Article XV.

12.05 Exceptions to the Maximum Retirement Benefit Limitation.

a. The Maximum Retirement Benefit of a Participant, who was a Participant in one or more defined benefit plans of the Employer on July 1, 1982, shall not be less than the Participant's Accrued Benefit as of the end of the last Plan Year beginning prior to January 1, 1983.

b. The Maximum Retirement Benefit for a Participant, who was a Participant in one or more defined benefit plans of the Employer as of the first day of the first Limitation Year beginning after December 31, 1986, shall not be less than the Participant's "Current Accrued Benefit," as defined in subsection (c) below. The preceding sentence applies only if such defined benefit plans met the requirements of Section 415 of the Code, for all Limitation Years beginning before January 1, 1987.

c. "Current Accrued Benefit" means a Participant's Accrued Benefit, determined as if the Participant had separated from service as of the close of the last Limitation Year beginning before January 1, 1987, when expressed as an Annual Benefit. In determining the amount of a Participant's Current Accrued Benefit, changes in the Plan and cost-of-living adjustments that occur after May 5, 1986 shall be disregarded.

d. In the case of a Participant who was a Participant in one or more defined benefit plans of the Employer as of January 1, 1995, the application of the limitations of this Article shall not cause the Maximum Retirement Benefit for the Participant under all such defined benefit plans to be less than the individual's accrued benefit under the terms of the plan as of September 1, 1997, taking into account the limitations of Code Section 415, as in effect on December 7, 1994, but disregarding any Plan amendments increasing benefits after September 1, 1997 and any cost of living adjustments that become effective after September 1, 1997. For purposes of this Section, a Participant's accrued benefit as of September 1, 1997 is not increased after that date, but if the limitations of Code Section 415, as in effect on December 7, 1994, are less than the limitations that were applied to determine the Participant's accrued benefit as of September 1, 1997, then the Participant's accrued benefit as of that date will be reduced in accordance with such reduced limitation. If, at any date after September 1, 1997, the Participant's total Plan benefit, before

the application of Code Section 415, is less than the Participant's accrued benefit as of September 1, 1997, the benefit as of that date will be reduced to the Participant's total Plan benefit. Determinations under Code Section 415(b)(2)(E) that are made before January 1, 1995 shall be made with respect to a Participant's benefit as of September 1, 1997 on the basis of Code Section 415(b)(2)(E) as in effect on December 7, 1994, and the provisions of the Plan as in effect on that date, but only to the extent such provisions of the Plan meet the requirements of Code Section 415(b)(2)(E) as so in effect.

12.06 Increases in the Maximum Retirement Benefit. Notwithstanding the foregoing of this Article XII, and to the extent permitted by Code Section 415, the Maximum Retirement Benefit shall be increased each Plan Year beginning July 1, 1995 to reflect cost-of-living adjustments in the limits imposed by Code Section 415. In no event, however, shall the benefit payable to or on behalf of a Participant exceed the benefit which is otherwise payable under the Plan.

ARTICLE XIII

QUALIFIED DOMESTIC RELATIONS ORDERS

13.01 General. Notwithstanding the restriction against alienation and assignment stated in Article XVI, the Plan Administrator shall comply with the terms of any Qualified Domestic Relations Order.

13.02 Required Provisions. A Domestic Relations Order is a Qualified Domestic Relations Order only if it clearly specifies:

a. The name and the last known mailing address (if any) of the Participant an the name and mailing address of each Alternate Payee covered by the order;

b. The amount or percentage of the Participant's benefits that the Plan shall pay to each Alternate Payee, or the manner in which the amount or percentage is to be determined;

c. The number of payments or period to which the order applies; and

d. Each plan to which the order applies.

Notwithstanding the preceding provisions, a Domestic Relations Order that does not provide the specified address information can be a Qualified Domestic Relations Order, if the Plan Administrator has the necessary information from other sources.

13.03 Prohibited Provisions. A Domestic Relations Order is a Qualified Domestic Relations Order only if it:

a. Does not require the Plan to provide any type or form of benefit, or any option, not otherwise provided under the Plan, except as stated in Section 13.04 below;

b. Does not require the Plan to provide increased benefits determined on the basis of actuarial value; and

c. Does not require the payment of benefits to an Alternate Payee that are required to be paid to another Alternate Payee under an order previously determined to be a Qualified Domestic Relations Order.

13.04 Exception for Certain Payments Made after Earliest Retirement Age.

a. A Domestic Relations Order shall not be treated as failing to meet the requirements of Section 13.03(a), solely because the order requires payment to an Alternate Payee:

i. In the case of any payment before a Participant has separated from service, on or after the date on which the Participant attains (or would have attained) the "earliest retirement age" as defined in subsection (b) below;

ii. As if the Participant had retired on the date on which payment is to begin under the order; and

iii. In any form in which benefits may be paid under the Plan to the Participant.

b. For purposes of this Section, the term "earliest retirement age" means the earlier of:

i. The date on which the Participant is entitled to a distribution under the Plan; or

ii. The later of:

A. The date the Participant attains age 50; or

B. The earliest date on which he Participant could receive Plan benefits if he had separated from service with the Employer.

13.05 Plan Procedures with Respect to Domestic Relations Orders.

a. The Plan Administrator shall apply the procedures in this Article, and may adopt additional appropriate procedures, to determine the qualified status of Domestic Relations Orders it receives and to administer distributions under Qualified Domestic Relations Orders.

b. The Plan Administrator shall promptly notify the Participant and each Alternate Payee of the receipt of the Domestic Relations Order, and provide them with copies of the procedures the Plan will use in determining the qualified status of the order. If addresses are not specified in the order, the Plan Administrator shall send notices to the last known addresses of these parties. The Participant and any Alternate Payee may designate a representative to receive copies of future communications from the Plan Administrator regarding

the order, by submitting a written request to the Plan Administrator.

c. Within a reasonable period after receiving a Domestic Relations Order, the Plan Administrator shall determine whether it is a Qualified Domestic Relations Order and shall notify the Participant, each Alternate Payee and any designated representatives of the determination.

d. During the period in which the issue of qualified status is being determined by the Plan Administrator, by a court of competent jurisdiction, or otherwise, the Plan Administrator shall separately account for the amounts which would have been payable to the Alternate Payee during the period if the order had been determined to be a Qualified Domestic Relations Order. The separate accounting is for recordkeeping and a segregation of Fund assets is not required. The separately accounted amounts shall be treated in the following manner:

i. If the Domestic Relations Order (or a modification of it) is determined to be a Qualified Domestic Relations Order within 18 months of the date on which the first payment would be required to be made under the order, the Plan Administrator shall pay the amounts (including any interest) to the person or persons entitled to the payment.

ii. If the Domestic Relations Order is determined not to be a Qualified Domestic Relations Order or the issue is not resolved, within the 18-month period specified above, the Plan Administrator shall pay the amounts (including any interest) to the person or persons who would have been entitled to the amounts if there had been no order. In applying this provision, the Plan Administrator may delay payments for the full 18-month period, even if an earlier determination of non-qualified status is made, if the Plan Administrator has notice that the parties are attempting to remedy the order's deficiencies.

iii. Any determination of qualified status that is made after the close of the 18-month period shall be applied prospectively only.

ARTICLE XIV

AMENDMENT, MERGER AND TERMINATION

14.01 Amendment.

a. The Board of Directors of NBT Bancorp, Inc. may amend the Plan at any time, and from time to time, pursuant to written resolutions and written amendments. However, no amendment shall have the effect of reducing the Accrued Benefit of any Participant, except to the extent permitted under Section 412(c)(8) of the Code.

b. For purposes of this Section, a Plan amendment that has the effect of (i) eliminating or reducing an early retirement benefit or a retirement-type subsidy, or (ii) eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment, shall be treated as reducing Accrued Benefits.

c. In the case of a retirement-type subsidy, subsection (b) shall apply only with respect to a Participant who satisfies (either before or after the amendment) the preamendment conditions for the subsidy. In general, a retirement-type subsidy is a subsidy that continues after retirement, but does not include qualified disability benefits, a medical benefit, a Social Security supplement, or a death benefit (including life insurance).

d. No amendment to the Plan shall have the effect of decreasing a Participant's vested interest determined without regard to such amendment as of the later of the date such amendment is adopted, or becomes effective.

14.02 Termination of Plan and Trust.

a. The Employer contemplates that the Plan shall be permanent and that the Employer shall be able to make contributions to the Plan. Nevertheless, in recognition of the fact that future conditions and circumstances cannot now be entirely foreseen, the Board of Directors of NBT Bancorp, Inc. reserves the right to terminate either the Plan, or both the Plan and the Trust, at any time, pursuant to written resolutions and written amendments.

b. If the Board of Directors of NBT Bancorp, Inc. makes a determination to terminate the Plan and Trust, they shall be terminated as of the date specified in certified copies of resolutions delivered to the Plan Administrator and the Trustee.

14.03 Benefits upon Termination and Partial Termination. In the event of a termination or partial termination of the Plan, any affected Participant's Accrued Benefit shall be nonforfeitable as of the date of such event to the extent funded. On termination of the Plan, the Trustee will liquidate the assets held in the Fund. After payment of all expenses of liquidation, the Plan Administrator shall allocate the remainder of the Fund assets among Participants

and Beneficiaries entitled to benefits, and cause them to be distributed by the Trustee, in accordanc with Section 4044 and other applicable provisions of ERISA. Any residual assets of the Plan remaining after the above allocation and distribution shall revert to the Employer, provided that all liabilities of the Plan have been satisfied.

14.04 Restriction of Benefits to Certain Highly Compensated Employees.

a. In General: In the event of Plan termination, the benefit of any Highly Compensated Employee shall be limited to a benefit that is nondiscriminatory under Code Section 401(a)(4).

b. Before January 1, 1992: For Plan Years beginning before January 1, 1992, Employer contributions to the Plan shall be restricted, pursuant to subsection (c) below, if:

(i) The contributions may be used to benefit any of the 25 Highly Compensated Employees with the greatest Limitation Year Compensation, whose anticipated Annual Benefit exceeds $1,500, and

(ii) Within 10 years of its establishment, (A) the Plan is terminated or (B) the benefits of any Highly Compensated Employee, described in (i) above, become payable.

c. Restriction: As required by subsection (b) above, Employer contributions shall not exceed the greater of (i) $20,000 or (ii) 20 percent of the first $50,000 of the Highly Compensated Employee's Compensation times (A) the number of years from the date the Plan was established until, (B) the date the Plan is terminated or the date the benefits become payable under subsection (b)(ii)(B) above, whichever is applicable.

d. After December 31, 1991: Except as provided in (i) and (ii) below, for Plan Years beginning on or after January 1, 1992, the annual payments to a Participant who is one of the 25 Highly Compensated Employees with the greatest Limitation Year Compensation are restricted to an amount equal to the payments that would be made on behalf of the Participant under a single life annuity that is the Actuarial Equivalent of the sum of the Participant's Accrued Benefit and other Plan benefits, within the meaning of Regulation 1.401(a)(4)-5(b)(3). However, benefits need not be restricted if:

(i) After payment of all benefits to the group of Highly Compensated Employees described in subsection (b) above, the value of the Plan assets equals or exceeds 110 percent of the value of current liabilities, as defined in Code Section 412(l)(7); or

(ii) The value of the benefits for said group of Highly Compensated Employees is less than one percent of the value of current liabilities.

For purposes of this Section, "benefit" includes loans in excess of the amount set forth in Code Section 72(p)(2)(A), any periodic income, any withdrawal values payable to a living Employee, and any death benefits not provided for by insurance on the Employee's life.

e. Notwithstanding the restrictions in subsection (b), an Employee's benefit may be distributed in full upon his depositing with an acceptable depository, property having a fair market value equal to 125 percent of the amount which would be repayable had the Plan terminated on the date of the distribution. If the fair market value of the property held by the depository falls below 110 percent of the amount which would be repayable if the Plan were then to terminate, additional property necessary to bring the value of the property held by the depository up to 125 percent of such amount shall be deposited.

14.05 Merger, Consolidation or Transfer of Assets. Neither the Plan nor the Trust may be merged with any other plan or trust unless each Participant would receive a benefit immediately after the merger that is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, if the Plan had then terminated. The preceding sentence shall also apply to a consolidation or transfer of assets.

ARTICLE XV

TOP-HEAVY REQUIREMENTS

15.01 General Rules.

a. Notwithstanding any other Plan provisions to the contrary, the Top-Heavy Rules of this Article shall become effective for any Plan Year beginning after December 31, 1983 in which the Plan is a Top-Heavy Plan. The provisions of Section 416 of the Code and implementing Regulations are hereby incorporated by reference and control the application of this Article.

b. As stated in Article II in defining "Compensation," not more than $200,000 of Compensation (adjusted by the Adjustment Factor) is taken into account under the Plan for a Participant, for any Plan Year beginning after December 31, 1988. This $200,000 limitation, without any adjustment, shall also apply for any earlier Plan Year in which the Plan is Top-Heavy.

c. As further set forth in this Article (and the Code and Regulations), the Top-Heavy Rules mean that:

i. Whether the Plan is Top-Heavy, or Super Top-Heavy shall be determined by finding the Top-Heavy Ratio in accordance with Section 15.02.

ii. If the Plan is Top-Heavy or Super Top-Heavy for a Plan Year, the Minimum Vesting Schedule in Section 15.03 shall become applicable and Non-Key Employees must accrue a Minimum Required Benefit as provided in Section 15.04.

iii. If the Plan is Super Top-Heavy for a Plan Year, the provisions of Section 15.05 shall apply in determining the Maximum Retirement Benefit under Article XII if the Employer also maintains a defined contribution plan.

d. Notwithstanding the preceding provisions or any other provisions of the Plan, the requirements in Sections 15.03 and 15.04 shall not apply to Employees covered by a collective bargaining agreement.

15.02 Determination of Top-Heaviness.

a. Top-Heavy Plan: The Plan shall be considered a Top-Heavy Plan for a Plan Year if the Top-Heavy Ratio exceeds 60 percent, applying the principles in subsection (c).

b. Super Top-Heavy Plan: The Plan shall be considered a Super Top-Heavy Plan for a Plan Year if the Top-Heavy Ratio exceeds 90 percent, applying the principles in subsection (c).

c. Top-Heavy Ratio: The Top-Heavy Ratio shall be determined in accordance with the following principles.

i. Determination Date: The Top-Heavy Ratio is determined as of the Determination Date, which is the last day of the preceding Plan Year (except for the first Plan Year). For example, if the Top-Heavy Ratio exceeds 60 percent on the last day of the 1989 Plan Year, the Plan is Top-Heavy for the 1990 Plan Year.

ii. Valuation Date: Benefits shall be valued as of the most recent valuation date during the twelve-month period ending on the Determination Date.

iii. Prior Distributions: The present value of an Accrued Benefit includes any distribution with respect to the Participant during the five-year period ending on the Determination Date. This includes distributions to Beneficiaries and distributions before the 1984 Plan Year when the Top-Heavy Rules became effective.

iv. Key Employee Status: As defined in Article II, an Employee is considered a Key Employee if he is a Key Employee at any time during the Plan Year containing the Determination Date or the four preceding Plan Years. If a Key Employee ceases to be a Key Employee but continues to be employed, he will be treated as a Non-Key Employee after the last year in which he must be considered a Key Employee under the preceding sentence. As of that date, his Accrued Benefits will be disregarded in computing the numerator and denominator of the Top-Heavy Ratio

v. Required Aggregation of Plans: If the Plan is part of a Required Aggregation Group, the Top-Heavy Ratio must be determined by considering all plans in the group. A Required Aggregation Group consists of all qualified plans of the Employer and any Affiliated Employer in which at least one Key Employee participates or participated at anytime during the determination period

(regardless of whether the plan has terminated), and any other plans that enable a plan with a Key Employee to satisfy the nondiscrimination rules of Section 401(a)(4) or Section 410 of the Code.

A. Except as may otherwise be allowed under the permissive aggregation rule of subsection (vi) below, each plan in the group shall be considered Top-Heavy if the Top-Heavy Ratio for the group exceeds 60 percent. Conversely, if the Top-Heavy Ratio is 60 percent or less, no plan in the Required Aggregation Group shall be considered Top-Heavy.

B. If the Employer (or an Affiliated Employer) maintains one or more defined benefit plans and the Employer (or an Affiliated Employer) maintains or has maintained one or more defined contribution plans (including any simplified employee pension plan) which during the five-year period ending on the Determination Date(s) has or has had any account balances, the Top-Heavy Ratio for any Required or Permissive Aggregation Group as appropriate is a fraction, the numerator of which is the sum of the present value of accrued benefits under the aggregated defined benefit plan or plans for all Key Employees, determined as above, and the sum of account balances under the aggregated defined contribution plan or plans for all Key Employees as of the Determination Date(s), and the denominator of which is the sum of the present value of accrued benefits under the defined benefit plan or plans for all Participants, determined as above, and the account balances under the aggregated defined contribution plan or plans for all Participants as of the Determination Date(s), all determined in accordance with Code Section 416 and the Regulations thereunder. The account balances under a defined contribution plan in both the numerator and denominator of the Top-Heavy Ratio are increased for any distribution of an account balance made in the five-year period ending on the Determination Date. Actuarial assumptions must be identical for all defined benefit plans tested for Top-Heavy purposes.

C. For Top-Heavy purposes, the accrued benefit of a Participant other than a Key employee shall be determined under (I) the method, if any, that uniformly applies for accrual purposes under all defined benefit plans maintained by the Employer (or an Affiliated Employer), or (II) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Code Section 411(b)(1)(C).

vi. Permissive Aggregation Group: The Employer may, but is not required to, determine the Top-Heavy Ratio on the basis of a Permissive Aggregation Group.

A. A Permissive Aggregation Group consists of all plans in a Required Aggregation Group, plus other plans that satisfy the nondiscrimination requirements of Code Sections 401(a) (4) and 410, when considered with the Required Aggregation Group.

B. If the Top-Heavy Ratio for the Permissive Aggregation Group is 60 percent or less, no plan in the group is Top-Heavy. If the Top-Heavy Ratio is greater than 60 percent, the Top-Heavy Rules apply to those plans that are part of the Required Aggregation Group, but not to the other plans which were permissively aggregated.

vii. Transfer Amounts: Rollover amounts and any plan-to-plan transfer amounts held under any other plan, shall be taken into account in determining the Top-Heavy Ratio only if required by the following rules:

A. If a transfer is initiated by the Employee and made between plans maintained by different employers, the transferring plan continues to count the transferred amount under the rules for counting distributions. The receiving plan does not count the amount if accepted after December 31, 1983, but does count the amount if accepted prior to January 1, 1984.

B. If the transfer is not initiated by the Employee or if it is made to a plan maintained by the same employer, the transferring plan shall no longer count the amount transferred and the receiving plan shall count the amount transferred.

C. For purposes of this subsection, Affiliated Employers shall be treated as the same employer.

15.03 Vesting in Employer Contributions under a Top-Heavy Plan.

a. Except as provided in Section 15.01(d), for any Plan Year that the Plan must be considered Top-Heavy, a Participant's vested interest in his Accrued Benefit derived from Employer contributions shall be determined in

accordance with the following Minimum Vesting Schedule rather than the vesting schedule in Article V. As an exception, the Participant shall remain under his previous vesting schedule to the extent provided in Article V.

b. The Minimum Vesting Schedule is:

Years of Service	Vested Percentage
Less than 3 years	0%
3 years or more	100%

c. Once applicable for a Plan Year, the Minimum Vesting Schedule applies to benefits accrued before and after the Plan became Top-Heavy (including benefits that accrued before the 1984 Plan Year when the Top-Heavy Rules became effective).
Notwithstanding the preceding sentence:

i. Accrued Benefits of a Participant who does not have an Hour of Service after the Plan becomes Top-Heavy shall not be subject to the Minimum Vesting Schedule; and

ii. Accrued Benefits which were forfeited before the Plan became Top-Heavy do not vest.

d. The vesting schedule in Article V shall again become applicable for benefits that accrue during Plan Years after the Plan ceases to be Top-Heavy. However, if this change in vesting schedule occurs:

i. The vested percentage of a Participant in benefits that accrued before the Plan ceased to be Top-Heavy shall not be reduced; and

ii. Participants described in Section 5.04 shall be given the option to remain under the Minimum Vesting Schedule, even for Plan Years after the Plan is no longer Top-Heavy, in accordance with the procedures described in that Article.

15.04 Minimum Required Benefit.

a. In General: Except as provided in Section 15.01(d), if the Plan becomes Top-Heavy, the Accrued Benefit derived from Employer contributions of a Non-Key Employee must at least equal the Minimum Required Benefit described in this Section.

For a Top-Heavy Plan Year, the requirement applies to each Non-Key Employee with 1000 or more Hours of Service in the Accrual Computation Period, even though the Non-Key Employee would not otherwise have received an accrual, or would have received a lesser accrual because (i) his Compensation is less than a specified level, or (ii) he is not employed on the last day of the Plan Year.

b. Minimum Required Benefit Formula: The Minimum Required Benefit is a benefit, provided solely by Employer contributions (and not integrated with Social Security benefits) which, when expressed as a life annuity commencing at Normal Retirement Age, equals the lesser of:

i. Two percent of the Participant's Top-Heavy Average Compensation multiplied by the Participant's Top-Heavy Years of Service; or

ii. 20 percent of the Participant's Top-Heavy Average Compensation.

c. Definitions: In applying the formula in subsection (b):

i. Top-Heavy Years of Service means Years of Service, but disregarding any Vesting Year of Service completed in a Plan Year beginning before 1984, or any Vesting Year of Service if the Plan was not Top-Heavy for any Plan Year ending during that Vesting Year of Service.

ii. Top-Heavy Average Compensation means Limitation Year Compensation, averaged over the period of five consecutive calendar years (or fewer if the total years which can be considered under this subsection is less than five) which produces the highest average. To determine this period, the following are excluded:

A. Years for which the Non-Key Employee did not earn a Vesting Year of Service;

B. Years ending within a Plan Year beginning before January 1, 1984;

C. Years excluded from Top-Heavy Years of Service; and

D. Years beginning after the close of the last Plan Year in which the Plan was Top-Heavy.

d. Employer-Derived Benefits: All accruals of benefits derived from Employer contributions, whether or not attributable to Plan Years for which the Plan is Top-Heavy shall be considered in determining whether a Non-Key Employee has an Accrued Benefit which equals the Minimum Required Benefit.

e. Non-Key Employee in Defined Contribution Plan: If a Non-Key Employee participates in this Plan and a defined contribution plan included in a Required Aggregation Group that is Top-Heavy, the Minimum Required Benefit shall be provide under this Plan. For any Plan Year when the Plan is Top-Heavy, but not Super Top-Heavy, the Minimum Required Benefit for such Non-Key Employee shall be determined by substituting three percent for two percent, and 30 percent for 20 percent, in the formula in subsection (b) above.

15.05 Maximum Annual Benefit under a Super Top-Heavy Plan.

a. If the Plan is Super Top-Heavy for any Plan Year, then for purposes of the Code Section 415 limitation, described in Article XII, the dollar limitations in the denominators of the Defined Benefit Plan Fraction and the Defined Contribution Fraction shall each be multiplied by 1.0, not 1.25.

b. If the reduction to 1.0 under subsection (a) would cause a Participant to exceed the combined limit on contributions and benefits under Code Section 415, the application of subsection (a) shall be suspended as to such Participant until such time as he no longer exceeds the combined limitation, as modified by subsection (a). During such a suspension period, the Participant will not accrue any benefits under this or any other defined benefit plan of the Employer and or receive contributions (or forfeitures) under any defined contribution plan of the Employer or an Affiliated Employer.

ARTICLE XVI

MISCELLANEOUS PROVISIONS

16.01 No Alienation or Assignment. The right of any Participant or Beneficiary to any benefit or payment under the Plan or Trust shall not be subject to voluntary or involuntary transfer, alienation or assignment. Further, to the fullest extent permitted by law, the right shall not be subject to attachment, execution, garnishment, sequestration or other legal or equitable process. In the event a Participant or Beneficiary attempts to assign, transfer or dispose of a right under the Plan, or if any attempt is made to subject the right to such process, the assignment, transfer or disposition shall be null and void.

16.02 Adoption of Plan by Another Employer. Any other employer, whether an Affiliated Employer or not, may, with the approval of the Board of Directors of NBT Bancorp, Inc., adopt this Plan pursuant to appropriate written resolutions of its board of directors. The adopting employer shall also execute such documents with the Trustee as may be necessary to make the other employer a party to the Trust. As part of its adopting resolutions, the other employer shall delegate authority to amend and terminate the Plan to the Board of Directors of NBT Bancorp, Inc. The National Bank and Trust Company, by its adoption and execution of this document, is deemed to have made the foregoing delegation.

16.03 Status of Employment Relations. The adoption and maintenance of the Plan and Trust shall not be deemed to constitute a contract between the Employer and its Employees or to be consideration for, or an inducement or condition of, the employment of any person. Nothing contained in the Plan shall be deemed (a) to give to any Employee the right to be retained in the employ of the Employer, (b) to affect the right of the Employer to discipline or discharge any Employee at any time, (c) to give the Employer the right to require any Employee to remain in its employ, or (d) to affect any Employee's right to terminate his employment at any time.

16.04 Benefits Payable by Trust. All Benefits payable under the Plan shall be paid or provided for solely from the Trust. The Employer assumes no liability or responsibility for the payments.

16.05 Failure of Qualification.

a. The establishment of the Plan and Trust by the Employer is contingent upon obtaining the initial approval of the Internal Revenue Service. Notwithstanding any other provision of the Plan, in the event that the Internal Revenue Service fails to approve the Plan, the Trustee shall liquidate the Trust by paying all expenses and returning all remaining assets to the Employer as soon as administratively feasible. In no event shall this process be completed later than one year after the date of the final denial of qualification of the Plan, including the final resolution of any appeals before the Internal Revenue Service or the courts. The Trust shall terminate upon completion of these "wind up" procedures.

b. Contributions shall be returned to the Employer pursuant to Section 10.04(b).

16.06 Increases in Social Security Benefits. Increases in Social Security benefits or the taxable wage base subsequent to a Participant's termination of employment or Retirement shall not cause a reduction in benefits under the Plan.

16.07 Headings Not Part of This Plan. Headings of Articles and Sections are inserted only for convenience of reference, and shall not be considered in construing the Plan.

16.08 Gender and Number. Unless the context clearly requires a different meaning, the use of the masculine pronoun includes the feminine gender, and the singular number includes the plural (and vice versa).

16.09 Applicable Law. The Plan and Trust shall be construed, regulated, interpreted and administered under and in accordance with the laws of the State of New York, unless preempted by federal law.

NBT Bancorp, Inc. and NBT Bank, N.A. have caused this Plan to be signed by duly authorized officers on this

13th day of November 1998.

NBT BANCORP, INC.

By: /S/ John D Roberts

Title: Vice President and Secretary

NBT BANK, N.A.

By: /S/ Jane E Neal

Title: Senior Vice President

EXHIBIT 10.4

NBT BANCORP INC. 2001 Executive Incentive Compensation Plan.

January 2001

NBT BANCORP INC.

Norwich, New York

2001 EXECUTIVE INCENTIVE COMPENSATION PLAN

NBT BANCORP INC.
Norwich, New York

2001 EXECUTIVE INCENTIVE COMPENSATION PLAN

Table of Contents

PAGE

Introduction....1-2
INCENTIVE PLAN
Section I - Definitions....3
Section II - Participation....4
Section III - Activating the Plan....4
Section IV - Calculation of Awards....4
Section V - President's Special Recommendations....4
Section VI - Distribution of Awards....5
Section VII - Plan Administration....6
Section VIII - Amendment, Modification, Suspension or Termination....6
Section IX - Effective Date....6
Section X - Employer Relations with Participants....6
Section XI - Governing Law....6

Incentive Plan Participants....Appendix A
Distribution of Awards....Appendix B
Deferred Compensation Election Agreement

NBT BANCORP INC.

Norwich, New York

INTRODUCTION

It is important to examine the benefits which accrue to the organization through the operation of the Executive Incentive Compensation Plan. The Plan impacts directly on senior management - those critical to the organization's success - and its purpose can be summarized as follows:

* PROVIDES MOTIVATION: The opportunity for incentive awards provides executives with the impetus to "stretch" for challenging, yet attainable, goals.

* PROVIDES RETENTION: by enhancing the organization's competitive compensation posture.

* PROVIDES MANAGEMENT TEAM BUILDING: by making the incentive award dependent on the attainment of organization goals, a "team orientation" is fostered among the participant group.

* PROVIDES INDIVIDUAL MOTIVATION: by making a portion of the incentive award dependent on the attainment of individual goals, a participant is encouraged to make significant personal contribution to the corporate effort.

* PROVIDES COMPETITIVE COMPENSATION STRATEGY: The implementation of incentive arrangements is competitive with current practice in the banking industry.

Highlights of the 2001 Executive Incentive Compensation Plan included in the following pages are below:

1. The Plan is competitive, if not more menerous, compared with similar sized banking organizations and the banking industry in general.

2. The Compensation Committee of the Board of Directors controls all aspects of the Plan.

3. Management employees are eligible for participation.

4. The financial criteria necessary for Plan operation consists of achieving certain levels of net income for the company and/or its subsidiaries as applicable. Certain non recurring events may be excluded from the financial results at the discretion of the CEO and the Compensation Committee.

5. Incentive distributions will be made during the first quarter of the year following the Plan Year.

6. Incentive awards will be based on attainment of corporate goals. Total Incentive Awards may contain corporate, subsidiary and individual components; the corporate and subsidiary components awarded by virtue of their performance related to their goals and the individual component awarded by virtue of individual performance related to individual goals. Component percentages are shown in Appendix B.

7. Incentive distributions will be based on the matrix in Appendix B.

NBT BANCORP INC.

Norwich, New York

The Board of Directors of NBT Bancorp Inc. has established this 2001 Executive Incentive Compensation Plan. The purpose of the Plan is to meet and exceed financial goals and to promote a superior level of performance relative to the company's competition in its market area. Through payment of incentive compensation beyond base salaries, the Plan provides reward for meeting and exceeding the financial goals.

SECTION I - DEFINITIONS

Various terms used in the Plan are defined as follows:

BASE SALARY: the base salary at the end of the Plan year, excluding any bonuses, contributions to employee benefit programs, or other compensation not designated as salary.

BOARD OF DIRECTORS: The Board of Directors of NBT Bancorp Inc.

PRESIDENT & CEO: CEO of NBT Bancorp Inc.

CORPORATE GOALS: Those pre-set objectives and goals which are required to activate distribution of awards under the Plan.

INDIVIDUAL GOALS: Key objectives mutually agreed upon between participants and superior, and approved by the CEO.

COMPENSATION COMMITTEE: The Compensation Committee of the Board of Directors of the Bank.

PLAN PARTICIPANT: An eligible employee of the company or its subsidiaries as designated by the CEO and approved by the Compensation Committee for participation for the Plan Year.

PLAN YEAR: The 2001 calendar year.

SECTION II - ELIGIBILITY TO PARTICIPATE

To be eligible for an award under the Plan, a Plan participant must be an officer in the full-time service of the company at the start and close of the calendar year and at the time of the award unless the CEO by special exception recommends to the Compensation Committee a special arrangement for a newly hired executive who may be designated by the CEO and approved by the Compensation Committee as eligible for an award as determined in the employment agreement. A Plan participant must be in the same or equivalent position, at year end as they were when named a participant or have been promoted during the course of the year, to be eligible for an award. If a Plan participant voluntarily leaves the employ of the company or its subsidiaries prior to the payment of the award, he/she is not eligible to receive an award. However, if the active full-time service of a participant in the Plan is terminated by death, disability, retirement, or if the participant is on an approved leave of absence, an award will be recommended for such a participant based on the proportion of the Plan year that he/she was in active service with the company or its subsidiaries.

SECTION III - ACTIVATING THE PLAN

The operation of the Plan is predicated on attaining and exceeding management performance goals. The goals will consist of the attainment of certain net income levels. Non recurring events may be excluded from the financial results at the discretion of the CEO and the Compensation Committee. The Corporation must achieve a minimum net income set forth in Appendix B to trigger an award pursuant to the terms of this plan.

SECTION IV - CALCULATION OF AWARDS

The Compensation Committee designates the incentive formula as shown in Appendix B. The Compensation Committee will make final decisions with respect to all incentive awards and will have final approval over all incentive awards. The individual participant data regarding maximum award and formulas used in calculation has been customized and appears as Appendix A.

SECTION V - SPECIAL RECOMMENDATIONS

The CEO will recommend to the Compensation Committee the amounts to be awarded to individual participants in the incentive Plan. The CEO may recommend a change beyond the formula to a bonus award (increase or decrease) to an individual participant by a specified percentage based on assessment of special individual performance beyond the individual goals. The Compensation Committee may amend the CEO's bonus award. The amount of the adjustment is from 0%-20% of the actual award. No award will be granted to an officer whose performance is unacceptable.

SECTION VI - DISTRIBUTION OF AWARDS

Unless a participant elects the deferred option outlined in the following paragraph, distribution of awards will be made during the first quarter of the year following the Plan year. Distribution of the bonus award must be approved by the Compensation Committee.

A participant may elect by written notice to the Committee at any time during the month of December of the Plan Year preceding the year to which the award relates to have all or a portion of his award deferred (Deferred Award). Any such election shall be irrevocable except unforeseeable financial emergency.

Any portion of participant's award that is deferred shall bear interest commencing on the Award Date based on the lowest balance in the participant's account during the month, as if invested at an annual rate equal to the highest annual rate offered at NBT on any customer deposit account in effect on the last day of the preceding calendar year. Interest shall be computed monthly, and credited to the participant's account as of the last day of each calendar month.

The Deferred Award shall be paid in five (5) annual installments upon the participant's ceasing to be actively employed by the Company for any reason. Payment shall begin on the 31st day of January following the year in which the participant ceases to be actively employed with the Company. However, a participant with the consent of the Committee, prior to termination of employment, may elect in writing to have the aggregate amount in his or her Deferred Award Account paid to him or her in a lump sum on a designated date.

Nothing contained in this Plan and no action taken pursuant to the provisions of this Plan shall create or be constructed to create a trust of any kind, or a fiduciary relationship between NBT and the participant, his or her designated beneficiary or any other person, nor shall the participant or any designated beneficiary have any preferred claim on, any title to, or any beneficial interest in, the assets of NBT or the payments deferred hereunder prior to the time such payments are actually paid to the participant pursuant to the terms herein. To the extent that the participant, his or her designated beneficiary or any person acquires a right to receive payments from NBT under this Plan, such right shall be no greater than the right of any unsecured general creditor of NBT.

The intent of this Section of the Plan is to create a voluntary, non-qualified, unfunded, deferred executive incentive compensation Plan which will defer the deduction of such incentive compensation for tax purposes by NBT and which will correspondingly defer the recognition of such compensation by the participant until such compensation is actually paid. It is therefore intended, and this Plan shall be construed and where necessary modified, so that the participants shall not be deemed to have constructively received such deferred compensation.

In the event of death, any approved award earned under the provisions of this plan will become payable to the beneficiary designated under this Plan; or if no such designation, to the designated beneficiary of the participant as recorded under the bank's group life insurance program; or in the absence of a valid designation, to the participant's estate.

SECTION VII - PLAN ADMINISTRATION

The Compensation Committee shall, with respect to the Plan have full power and authority to construe, interpret and manage, control and administer this Plan, and to pass and decide upon cases in conformity with the objectives of the Plan under such rules as the Board of Directors of the bank may establish.

Any decision made or action taken by the company, the Board of Directors, or the Compensation Committee arising out of, or in connection with, the administration, interpretation, and effect of the Plan shall be at their absolute discretion and will be conclusive and binding on all parties. No member of the Board of Directors, Compensation Committee, or employee of the company or any of its subsidiaries shall be liable for any act or action hereunder, whether of omission or commission, by a Plan participant or employee or by any agent to whom duties in connection with the administration of the Plan have been delegated in accordance with the provision of the Plan.

SECTION VIII - AMENDMENT, MODIFICATION, SUSPENSION OR TERMINATION

NBT reserves the right, by and through its Board of Directors to amend, modify, suspend, reinstate or terminate all or part of the Plan at any time. The Compensation Committee will give prompt written notice to each participant of any amendment, suspension or termination or any material modification of the Plan. In the event of a merger or acquisition, the Plan and related financial formulas will be reviewed and adjusted to take into account the effect of such activities.

SECTION IX - EFFECTIVE DATE OF THE PLAN

The effective date of the Plan shall be January 1, 2001.

SECTION X - EMPLOYER RELATION WITH PARTICIPANTS

Neither establishment nor the maintenance of the Plan shall be construed as conferring any legal rights upon any participant or any person for a continuation of employment, nor shall it interfere with the right of an employer to discharge any participant or otherwise deal with him/her without regard to the existence of the Plan.

SECTION XI - GOVERNING LAW

Except to the extent pre-empted under federal law, the provisions of the Plan shall be construed, administered and enforced in accordance with the domestic internal law of the State of New York. In the event of relevant changes in the Internal Revenue Code, related rulings and regulations, changes imposed by other regulatory agencies affecting the continued appropriateness of the Plan and awards made thereunder, the Board may, at its sole discretion, accelerate or change the manner of payments of any unpaid awards or amend the provisions of the Plan.

EXHIBIT 10.5

Change in control agreement with Daryl R. Forsythe.

January 1, 2000

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

Dear Mr. Forsythe:

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

Accordingly, the Board of Directors of the Company (the "Board") has determined that appropriate steps should be taken to encourage members of the Company's key management group to continue as employees notwithstanding the possibility of a change in control of the Company.

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

In order to induce you to remain in the employ of the Company, we entered an agreement, approved by the Board, dated February 21, 1995, and revised by Board action on April 28, 1998, providing for severance compensation that the Board agreed would be provided to you in the event your employment with the Company terminated subsequent to a change in control ("Agreement"). We have agreed upon various changes to the Agreement, agreed to by the Board, and have agreed to amend and restate the Agreement in its entirety as follows:

1. AGREEMENT TO PROVIDE SERVICES; RIGHT TO TERMINATE.

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

(b) TERMINATION SUBSEQUENT TO CERTAIN OFFERS. In the event a tender offer or exchange offer is made by a person (as defined in section 6) for more than 30 percent of the combined voting power of the Company's outstanding securities ordinarily having the right to vote at elections of directors ("Voting Securities"), including shares of common stock, no par value, of the Company (the "Company Shares"), you agree that you will not leave the employ of the Company (other than as a result of Disability as such term is defined in section 6) and will render services to the Company in the capacity in which you then serve until such tender offer or exchange offer has been abandoned or terminated or a change in control of the Company has occurred as a result of such tender offer or exchange offer. If, during the period you are obligated to continue in the employ of the Company pursuant to this section 1(b), the Company reduces your compensation, terminates your employment without Cause, or you provide written notice of your decision to terminate your employment for Good Reason, your obligations under this section 1(b) shall thereupon terminate and you will be entitled to payments provided under Section 3(b).

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

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

by you without Good Reason, you shall be entitled to a severance payment and other benefits as follows:

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

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

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

(ii) As severance pay, an amount equal to the product of your "Base Amount" multiplied by the number 2.99. As used in the previous sentence, your "Base Amount" will be determined in accordance with Section 280G of the Internal Revenue Code of 1986, as amended, which generally provides that the base amount is your average annual compensation includible in your gross income for federal income tax purposes for the five years immediately preceding the year in which the change in control occurs (or, if you shall have been employed by the Company for less than those five years, for the number of those years during which you shall have been employed by the Company, with any partial year annualized), including base salary, non-deferred amounts under annual incentive, long-term performance, and profit-sharing plans, distributions of previously deferred amounts under such plans, and ordinary income recognized with respect to stock options.

(c) RELATED BENEFITS. Unless you die or your employment is terminated by the Company for Cause or Disability, or by you other than for Good Reason or within 90 days of a Change in Control by you without Good Reason, the Company shall maintain in full force and effect, for the continued benefit of you for one year after the Date of Termination, all noncash employee benefit plans, programs, or arrangements (including, without limitation, pension and retirement plans and arrangements, stock option plans, life insurance and health and accident plans and arrangements, medical insurance plans, disability plans, and vacation plans) in which you were entitled to participate immediately prior

to the Date of Termination provided that your continued participation is possible after Termination under the general terms and provisions of such plans, programs, and arrangements; provided, however, that if you become eligible to participate in a benefit plan, program, or arrangement of another employer which confers substantially similar benefits upon you, you shall cease to receive benefits under this subsection in respect of such plan, program, or arrangement. In the event that your participation in any such plan, program, or arrangement is barred, the Company shall arrange to provide you with benefits substantially similar to those which you are entitled to receive under such plans, programs and arrangements or alternatively, pay an amount equal to the reasonable value of such substantially similar benefits. If, after termination of employment following a Change in Control, you elect COBRA continuation coverage, the Company will pay you 18 months worth of the applicable COBRA premium. If termination follows a Change in Control specified in Section 6(b)(iii), then you may elect in lieu of COBRA continuation coverage to have the acquiring entity obtain an individual or group health insurance coverage and the acquiring entity will pay 18 months worth of premiums thereunder.

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

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

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

4. PAYMENT IF TERMINATION OCCURS FOLLOWING CHANGE IN CONTROL, BECAUSE OF DEATH, FOR CAUSE, OR WITHOUT GOOD REASON. If your employment shall be terminated following any event constituting a change in control of the Company because of your death, or by the Company for Cause, or by you other than for Good Reason and not within 90 days of a Change in Control, the Company shall pay

you your full base salary plus year-to-date accrued vacation through the Date of Termination at the rate in effect on the date of the change in control occurs. The Company shall have no further obligations to you under this Agreement.

5. NO MITIGATION. You shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor, except as expressly set forth herein, shall the amount of any payment provided for in this Agreement be reduced by any compensation earned by you as the result of employment by another employer after the Date of Termination, or otherwise.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. SUCCESSORS; BINDING AGREEMENT.

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

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

9. INCREASED SEVERANCE PAYMENTS UPON APPLICATION OF EXCISE TAX.

(a) ADJUSTMENT OF PAYMENT. In the event any payments or benefits you become entitled to pursuant to the Agreement or any other payments or benefits received or to be received by you in connection with a change in control of the Company or your termination of employment (whether pursuant to the terms of any other agreement, plan, or arrangement, or otherwise, with the Company, any person whose actions result in a change in control or any person affiliated with the Company or such person) (collectively the "Severance Payments") will be subject to the tax (the "Excise Tax") imposed by section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Company shall pay you an additional amount (the "Gross-Up Payment") so that the net amount retained by you, after deduction of the Excise Tax (but before deduction for any federal, state or local income tax) on the Severance Payments and after deduction for the aggregate of any federal, state, or local income tax and Excise Tax upon the Gross-Up Payment, shall be equal to the Severance Payments. For purposes of determining whether any of the Severance Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) the entire amount of the Severance Payments shall be treated as "parachute payments" within the meaning of section 280G(b)(2) of the Code and as subject to the Excise Tax, unless and to the extent, in the written opinion of outside tax counsel selected by the Company's independent accountants and reasonably acceptable to you, such payments (in whole or in part) are not subject to the Excise Tax; and (ii) the value of any noncash benefits or any deferred payment or benefit (constituting a part of the Severance Payments) shall be determined by the Company's independent auditors in accordance with the principles of sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, you shall be deemed to pay federal income taxes at the highest marginal rate of the federal income taxation applicable to individuals (without taking into account surtaxes or loss or reduction of deductions) for the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rates of taxation in the state and locality of your residence on the date of Termination. In the event that the amount of Excise Tax you are required to pay is subsequently determined to be less than the amount taken into account hereunder, you shall repay to the Company promptly after the time that the amount of such reduction in Excise Tax is finally determined the amount of the reduction, together with interest on the amount of such reduction at the rate of 6 percent per annum from the date of the Gross-Up Payment, plus, if in the written opinion of outside tax counsel selected by the Company's independent accountants and reasonably acceptable to you, such payment (or a portion thereof) was not taxable income to you when reported or is deductible by you for federal income tax purposes, the net federal income tax benefit you actually realize as a result of making such payment pursuant to this sentence. In the event that the amount of Excise Tax you are required to pay is subsequently determined to exceed the amount taken into account hereunder, the Company shall make an additional Gross-Up Payment in the manner set forth above in respect of such excess (plus any interest, additions to tax, or penalties payable by you with respect to such excess) promptly after the time that the amount can be reasonably determined.

(b) TIME OF PAYMENT: ESTIMATED PAYMENT. The payments provided for in subsection (a) above, shall be made not later than the fifth business day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to you on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments, and shall pay the remainder of such payments (together with interest at the rate of 6 percent per annum) as soon as the amount thereof can be determined. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to you, payable on the fifth day after demand by the Company (together with interest at the rate of 6 percent per annum).

10. MISCELLANEOUS. No provision of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to in a writing signed by you and the Chief Executive Officer or President of the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same, or at any prior or subsequent, time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction, and performance of this Agreement shall be governed by laws of the State of New York without giving effect to the principles of conflict of laws thereof.

11. LEGAL FEES AND EXPENSES. The Company shall pay or reimburse any reasonable legal fees and expenses you may incur in connection with any legal action to enforce your rights under, or to defend the validity of, this Agreement. The Company will pay or reimburse such legal fees and expenses on a regular, periodic basis upon presentation by you of a statement or statements prepared by your counsel in accordance with its usual practices.

12. VALIDITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

13. PAYMENTS DURING CONTROVERSY. Notwithstanding the pendency of any dispute or controversy, the Company will continue to pay you your full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, base salary and installments of incentive compensation) and continue you as a participant in all compensation, benefit, and insurance plans in which you were participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with section 7(c). Amounts paid under this section are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any

other amounts due under this Agreement. You shall be entitled to seek specific performance of your right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

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

If this letter correctly sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter, which will then constitute our agreement on this subject.

Very truly yours,

NBT BANCORP INC.

By: /S/ Everett A. Gilmour

AGREED TO:

By: /S/ Daryl R. Forsythe

Daryl R. Forsythe

EXHIBIT 10.6
Form of Employment Agreement between NBT Bancorp Inc. and Daryl R. Forsythe
made as of January 1, 2000.

EMPLOYMENT AGREEMENT

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

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

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

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

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

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

1. EMPLOYMENT; RESPONSIBILITIES AND DUTIES.

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

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

2. TERM OF EMPLOYMENT.

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

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

(ii) the death of Executive;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Any provision of this section 2 to the contrary notwithstanding, in the event that the employment of Executive with NBTB is terminated in any situation described in section 3 of the change-in-control letter agreement dated January 1, 2000 between NBTB and Executive (the

"Change-in-Control Agreement") so as to entitle Executive to a severance payment and other benefits described in section 3 of the Change-in-Control Agreement, then Executive shall be entitled to receive the following, and no more, under this section 2:

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

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

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

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

(a) SALARY. During the Term of Employment:

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

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

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

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

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

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

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

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

(h) EXPENSES. During the Term of Employment, Executive shall be reimbursed for reasonable travel and other expenses incurred or paid by Executive in connection with the performance of his services under this Agreement, upon presentation of expense statements or vouchers or such other supporting information as may from time to time be requested, in accordance with

such policies of NBTB as are in effect as of the Commencement Date and as may be modified by NBTB from time to time, under such terms as may be applicable to officers of Executive's rank employed by NBTB or its affiliates.

4. CONFIDENTIAL BUSINESS INFORMATION; NON-COMPETITION.

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

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

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

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

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

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

6. REPRESENTATIONS AND WARRANTIES.

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

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

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

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

If to NBTB:

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

Attention: Board of Directors

With a required copy to:

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

If to Executive:

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

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

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

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

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

11. ILLEGALITY; SEVERABILITY.

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

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

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

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

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

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

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

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

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

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

NBT BANCORP INC.

By: /s/ Everett A. Gilmour
Chairman of the Board

DARYL R. FORSYTHE

/s/ Daryl R. Forsythe

EXHIBIT 10.7

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

SUPPLEMENTAL RETIREMENT AGREEMENT
(AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2000)

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

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

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

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

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

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

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

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

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

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

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

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

(d) CHANGE OF CONTROL. "Change of Control" shall mean a Change in Control as such term is defined in the Change of Control Agreement

between Forsythe and the Bank dated January 1, 2000 (a revision of the April 28, 1998 and February 21, 1995 agreements).

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

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

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

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

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

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

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

Employee Stock Ownership Plan, and (B) actual earnings on contributions in (A), if such contributions and earnings were converted to a benefit payable at age 65 in the same form as the benefit paid under this Agreement, using the same actuarial assumptions as are provided under subparagraph 2(a).

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

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

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

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

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

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

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

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

3. AMOUNT OF SUPPLEMENTAL RETIREMENT BENEFIT.

(a) SUPPLEMENTAL RETIREMENT BENEFIT.

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

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

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

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

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

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

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

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

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

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

4. TIME OF PAYMENT.

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

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

5. FORM OF PAYMENT.

(a) The Supplemental Retirement Benefit described in paragraph 3 of this Agreement shall be paid as a straight life annuity, payable in monthly installments, for Forsythe's life; provided, however, that

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

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

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

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

6. PAYMENTS UPON FORSYTHE'S DEATH.

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

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

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

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

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

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

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

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

9. CLAIMS PROCEDURE.

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

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

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

(c) A denial notice shall contain:

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

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

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

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

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

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

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

(g) The review decision shall contain:

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

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

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

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

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

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

12. FUNDING.

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

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

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

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

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

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

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

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

The parties hereby execute this Agreement as follows:

NBT BANCORP INC.

By: /S/ Everett A. Gilmour

Date: 1/1/2000 Its: Chairman

NBT BANK, NATIONAL ASSOCIATION

By: ___________________________________

Date: ____________________ Its: ___________________________________

/S/ Daryl R. Forsythe

Date: 1/1/2000 DARYL R. FORSYTHE

EXHIBIT 10.8

Death Benefits Agreement between NBT Bancorp Inc.,
NBT Bank, National Association
and Daryl R. Forsythe made August 22, 1995.

DEATH BENEFITS AGREEMENT

THIS AGREEMENT, made and entered into this 22nd day of August, 1995, by and among NBT Bancorp Inc., a Delaware corporation and registered bank holding company, and NBT Bank, National Association, a national banking association organized under the laws of the United States (hereinafter referred to collectively as the "Bank") and Daryl R. Forsythe, an individual residing at 13 Concord Street, Sidney, New York, NY 13838 (hereinafter referred to as the "Employee").

WHEREAS, the Bank has retained the Employee as its president and chief executive officer; and

WHEREAS, the Bank is desirous of retaining the services of the Employee; and

WHEREAS, the Bank is desirous of assisting the Employee in carrying life insurance on his life; and

WHEREAS, the Bank has determined that its interests can best be served under a "split-dollar" arrangement; and

WHEREAS, the Bank and the Employee have applied for Insurance Policy No. 8876212 (the "Policy") issued by the New England Mutual Life Insurance Company ("The New England") in the face amount of $800,000 on the Employee's life; and

WHEREAS, the Bank and the Employee agree to make said insurance policy subject to this split-dollar agreement; and

WHEREAS, it is now understood and agreed that this split-dollar agreement is to be effective as of the date on which the Policy was issued by The New England.

NOW, THEREFORE, for value received and in consideration of the mutual covenants contained herein, the parties agree as follows:

ARTICLE I - DEFINITIONS

For purposes of this Agreement, the following terms will have the meanings set forth below:

1. "Cash Surrender Value of the Policy" will mean the Cash Value of the Policy, plus the cash value of any paid-up additions, plus any dividend accumulations and unpaid dividends, and less any Policy Loan Balance.

2. "Cash Value of the Policy" will mean the cash value as illustrated in the table of values shown in the Policy.

3. "Bank's Interest in the Policy" will be defined in Article VII.

4. "Current Loan Value of the Policy" will mean the Loan Value of the Policy reduced by any outstanding Policy Loan Balance.

5. "Loan Value of the Policy" will mean the amount which together with loan interest will equal the Cash Value of the Policy and of any paid-up additions on the next loan interest due date or on the next premium due date, whichever is the smaller amount.

6. "Policy Loan Balance" at any time will mean policy loans outstanding plus interest accrued to date.

ARTICLE II - ALLOCATION OF PREMIUMS

The Bank will pay all premiums on the Policy when due.

ARTICLE III - WAIVER OF PREMIUMS RIDER

The Bank has added a rider to the Policy providing for the waiver of premiums in the event of the Employee's disability. Any additional premium attributable to such rider will be payable by the Bank.

ARTICLE IV - OTHER RIDERS AND SUPPLEMENTAL AGREEMENTS

Should the parties to this Agreement deem it desirable, the Bank will add to the Policy one or more of such other riders and supplemental agreements which may be available from The New England from time to time. Any additional premium attributable to any such rider or supplemental agreement will be payable by the Bank. Notwithstanding the provisions of Article VIII, any additional death benefits provided by such rider or supplemental agreement will be paid to the Bank, unless otherwise agreed to by the parties at the time of the adoption of the particular rider or supplemental agreement.

ARTICLE V - PAYMENT OF PREMIUMS

Any premium or portion thereof which is payable by the Employee under any Article of this Agreement may at the election of the Employee be deducted from the cash compensation otherwise payable to him, and the Bank agrees to transmit that premium or portion, along with any premium or portion thereof payable by it, to The New England on or before the premium due date.

ARTICLE VI - APPLICATION OF POLICY DIVIDENDS

All dividends attributable to the Policy will be to provide paid-up additional insurance.

ARTICLE VII - RIGHTS IN THE POLICY

The Employee will have the sole right to designate the beneficiary of the death proceeds of the Policy in excess of the Bank's Interest in the Policy. The Bank will have and may exercise, except as limited hereinafter, all ownership rights in the Policy. The Bank will not surrender the policy for cancellation except upon expiration of the thirty (30) day period described in Article X. The Bank will not without the written consent of the Employee assign its rights in the Policy, other than for the purposes of obtaining a loan against the Policy, to anyone other than the Employee. The Bank will not take any action dealing with The New England that would impair any right or interest of the Employee in the Policy. The Bank will have the right to borrow from The New England and to secure that loan by the Policy, an amount which, together with the unpaid interest accrued thereon, will at no time exceed the lesser of (a) the Bank's Interest in the Policy or (b) the Loan Value of the Policy. "Bank's Interest in the Policy" will mean, at any time at which the value of such interest is to be determined under this Agreement, the Cash Surrender Value of the Policy at such time.

ARTICLE VIII - RIGHTS TO THE PROCEEDS AT DEATH

In the event of the Employee's death while this Agreement is in force, the beneficiary designated by the Employee will receive $600,000 from the Policy proceeds. The Bank will receive the remainder of the Policy proceeds.

ARTICLE IX - TERMINATION OF AGREEMENT

1. This Agreement may be terminated at any time while the Employee is living by written notice thereof by either the Bank or the Employee to the other; and, in any event, this Agreement will terminate upon termination of the Employee's employment.
2. In the event of the Employee's total disability, as defined in the rider, which begins while the Employee is employed, while the rider is in force, and which continues for at least six months, the benefits provided under this Agreement will continue until midnight before the Employee's 65th birthday. If at any time following the initial six month period of disability as defined in the rider The New England stops waiving premiums, then Section 1 of this Article will again be applicable.

ARTICLE X - EMPLOYEE RIGHTS UPON TERMINATION

Upon termination of the Agreement, the Employee will transfer all of his right, title and interest in the Policy to the Bank, by executing such documents as are necessary to transfer such right, title and interest as of the date of termination. The Bank will thereafter be able to deal with the Policy in any way it may see fit.

ARTICLE XI - PLAN MANAGEMENT

For purposes of the Employee Retirement Income Security Act of 1974 ("ERISA"), the Bank will be the "Named Fiduciary" and "Plan Administrator" of the split dollar life insurance plan (the "Plan") for which this Agreement is hereby designated the written plan instrument. The Bank's board of directors may authorize a person or group of persons to fulfill the responsibilities of the Bank as Plan Administrator. The Named Fiduciary or the Plan Administrator may employ others to render advice with regard to its responsibilities under this Plan. The Named Fiduciary may also allocate fiduciary responsibilities to others and may exercise any other powers necessary for the discharge of its duties to the extent not in conflict with ERISA.

ARTICLE XII - CLAIMS PROCEDURE

1. Filing Claims: Any insured, beneficiary or other individual (hereinafter "Claimant") entitled to benefits under the Plan or under the Policy will file a claim request with the Plan Administrator with respect to benefits under the Plan with The New England with respect to benefits under the Policy. The Plan Administrator will, upon written request of the Claimant, make available copies of any claim forms or instructions provided by The New England or advise the Claimant where such forms or instructions may be obtained.

2. Notification to Claimant: If a claim is wholly or partially denied, the Plan Administrator will furnish to the Claimant a notice of the decision within ninety (90) days in writing and in a manner calculated to be understood by the Claimant, which notice will contain the following information:

(a) The specific reason or reasons for the denial;
(b) Specific reference to pertinent Plan provisions upon which the denial is based;
(c) A description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why such material or information is necessary; and
(d) An explanation of the Plan's claims review procedure describing the steps to be taken by a Claimant who wishes to submit his claim for review.

In the case of benefits which are provided under the Policy, the initial decision on the claims will be make by The New England.

3. Review Procedure: A Claimant or his authorized representative may with respect to any denied claim:

(a) Request a review upon written application filed within sixty (60) days after receipt by the Claimant of written notice of the denial of his claim;

(b) Review pertinent documents; and
(c) Submit issues and comments in writing.

Any request or submission will be in writing and will be directed to the Named Fiduciary (or its designee). The Named Fiduciary (or its designee) will have the sole responsibility for the review of any denied claim and will take all steps appropriate in the light of its findings.

4. Decision on Review: The Named Fiduciary (or its designee). The Named Fiduciary (or its designee) will render a decision upon review. If special circumstances (such as the need to hold a hearing or any matter pertaining to the denied claim) warrant additional time, the decision will be rendered as soon as possible, but not later than one hundred twenty (120) days after receipt of the request for review. Written notice of any such extension will be furnished to the Claimant prior to the commencement of the extension. The decision on review will be in writing and will include specific reasons for the decision, written in a manner calculated to be understood by the Claimant, as well as specific references to the pertinent provisions of the Plan on which the decision is based. If the decision on review is not furnished to the Claimant with the time limits prescribed above, the claim will be deemed denied on review.

ARTICLE XIII - SATISFACTION OF CLAIM

The Employee agrees that his rights and interests, and the rights and interests of any persons taking under or through him, will be completely satisfied upon compliance by the Bank with the provisions of this Agreement.

ARTICLE XIV - AMENDMENT AND ASSIGNMENT

This Agreement may be altered, amended or modified, including the addition of any extra policy provisions, by a written instrument signed by the Bank and the Employee. Either party may, subject to the limitations of Article VII, assign its interests and obligations under this Agreement, provided, however, that any assignment will be subject to the terms of this Agreement.

ARTICLE XV - POSSESSION OF POLICY

The Bank will keep possession of the Policy. The Bank agrees from time to time to make the Policy available to the Employee or to The New England for the purpose of endorsing or filing any change of beneficiary on the Policy for that portion of the death proceeds in excess of the Bank's Interest in the Policy as provided in Article VII, but the Policy will promptly be returned to the Bank.

ARTICLE XVI - GOVERNING LAW

This Agreement sets forth the entire agreement of the parties hereto, and any and all prior agreements, to the extent inconsistent herewith, are hereby

superseded. This Agreement will be governed by the laws of the State of New York.

ARTICLE XVII - INTERPRETATION

Where appropriate in this Agreement, words used in the singular will include the plural and words used in the masculine will include the feminine.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, the Bank by its duly authorized officer, on the day and year first written above.

EMPLOYEE

/s/Daryl R. Forsythe (L.S.)
Daryl R. Forsythe

NBT Bancorp Inc.

/s/Everett A. Gilmour (L.S.)
By
Its Chairman of Board

NBT Bank, National Association

/s/Paul O. Stillman (L.S.)
By
Its Compensation Committee Chairman

EXHIBIT 10.9

Wage Continuation Plan between NBT Bancorp Inc.,
NBT Bank, National Association
and Daryl R. Forsythe made as of August 1, 1995.

NBT Bancorp Inc.
NBT Bank, National Association
52 South Broad Street Norwich, NY 13815

Date: August 1, 1995

To: Daryl R. Forsythe

RE: WAGE CONTINUATION PLAN

In consideration of your valuable services, the Board of Directors NBT Bancorp Inc. and NBT Bank, National Association (hereinafter collectively referred to as the "Bank") have approved a Wage Continuation Plan for you in the event that you are disabled as a result of sickness or injury.

Your Qualified Wage Continuation Plan provides that:

1. During the first three months of disability you will receive 100% of your regular wages, reduced by any benefits you receive from Social Security, Workers Compensation, State Disability Plan, or similar governmental plan or any other program, e.g. group insurance coverage, paid for by the Bank.

2. In addition, in the event that your disability continues beyond three months, your benefit payments shall be $7,000 from policy #191D263410 issued by the New England Mutual Life Insurance Company, which is enclosed with this letter for your safekeeping.

3. 100% of the premium for the policy will be paid by the Bank while you are employed by it and while the Plan is in effect.

4. With regard to the operation and management of the Plan and its assets, the Bank will be responsible and have full discretion; except that the insurance company shall have responsibility with regard to those aspects of the Plan which are governed by the terms of the insurance contract. In accepting the foregoing responsibility, the Bank will serve as the Plan fiduciary and administrator under the terms of the Employee Retirement Income Security Act ("ERISA"), as amended.

5. If a request for benefits is denied, the insurance company will provide you with written notice stating the reasons for denial and an explanation of the procedure by which such may be reviewed. Upon request for such review, you or your representative will be permitted to review pertinent Plan documents and submit issues and comments in writing.

6. If a request for benefits under the insurance contract is denied, you or your representative must contact the insurance company for details and review of such denial.

7. This Plan may be amended or terminated by the Board of Directors of the Bank at any time; any such amendment or termination will be effective as determined by the Board of Directors.

Sincerely,

/S/ Everett A. Gilmour

NBT BANCORP INC.
NBT BANK, NATIONAL ASSOCIATION
WAGE CONTINUATION PLAN FOR EMPLOYEES

ENROLLMENT AGREEMENT

Name: Daryl R. Forsythe

Social Security Number:

I have read and understand the Summary Plan Description of the NBT Bancorp Inc. and NBT Bank, National Association Wage Continuation Plan (the "Plan"), and agree to be bound by the Plan terms and hereby elect to become a Participant with respect to benefits for which I am eligible thereunder.

I hereby elect (check one)

___X___ The maximum insured benefits available to me from the insurer up to the limit specified under the Plan.

______ No insured benefits under the Plan.

I understand that if I have elected not to participate in the insured benefits, the Employer will have no responsibility for the payment of disability insurance premiums on my behalf or to provide equivalent benefits in an other form; but I shall have the right to change this election after one year from the date of my election not to participate and as of the next annual plan entry date, provided that the Plan remains in force and I meet all of the eligibility requirements at that time.

I understand that it is my responsibility to apply for any disability insurance to which I am entitled and to fulfill any additional requirements of the insurer relative to the issuance thereof. I agree that, apart from the obligations of the NBT Bancorp Inc. and NBT Bank, National Association to make premium payments pursuant to the terms of the Plan, neither NBT Bancorp Inc. and NBT Bank, National Association nor any of their shareholders, directors, officers, or employees will have any responsibility with respect to the issuance of my insurance or the payment of any benefits provided by such insurance. I agree that, to the extent that I am responsible for any portion of the premiums for my insurance, such amounts may be withheld from my cash compensation and transmitted directly to the insurer by the NBT Bancorp inc. and NBT Bank, National Association.

Date: 8-22-95 Signature /S/ Daryl R. Forsythe

NBT BANCORP INC.

By: /S/ Everett A. Gilmour

Its: Chairman of the Board

NBT BANK, NATIONAL ASSOCIATION

By: /S/ Paul O. Stillman

Its: Compensation Committee Chairman

SUMMARY PLAN DESCRIPTION
NBT BANCORP INC.
NBT BANK, NATIONAL ASSOCIATION

WAGE CONTINUATION PLAN

NAME OF PLAN
The plan will be known as the Wage Continuation Plan.

PLAN YEAR
The Plan Year will be January 1 through December 31, and the records of the Plan are kept on a calendar year basis.

Administrator
The Plan Administrator is NBT Bancorp Inc. and NBT Bank, National Association, whose address is 52 South Broad Street, Norwich, NY 13815.

EMPLOYER CONTRIBUTIONS
The Employer will contribute on behalf of each Participant an amount necessary to purchase a policy providing the benefits to which he/she is entitled. The Employer will pay its share of premiums while the Plan is in effect and while the Employee continues as a Participant in the Plan; the Employer will have no obligation to pay any premiums after a Participant ceases active full-time employment with the Bank.

DEFINITIONS

1. The effective date of the Plan is August 1, 1995.

2. "Waiting Period" is the later of six months following the date of full-time employment or the Effective Date.

3. The "Entry Date" is the date following the Waiting Period upon which a Policy is issued for a plan Participant. If an Employee elects not to participate in the Plan, he/she must wait one full year after the date of his/her election not to participate before being eligible to participate in the Plan.

4. The "Employer" is NBT Bancorp Inc. or NBT Bank, National Association, or any successor thereto and any other corporation, business association, or proprietorship which shall assume in writing the obligations of the Plan.

5. "Employee" is a person regularly employed by the Employer, excluding such persons who are customarily employed for not more than twenty (20) hours in any one week or for not more than five (5) months in any calendar year.

6. "Participant" means an Employee who has a Policy issued and in force on his/her life by the Insurer under the terms of the Plan.

7. "Compensation" means as of his/her Entry Date in the Plan the Employee's annual base rate of salary or wage, plus any bonuses, commissions, and overtime payments.

8. "Insurer" means the New England Mutual Life Insurance Company or any other company which shall issue a Policy as defined in the Plan.

9. "Policy" means an individual Guaranteed Renewable or Non- Cancelable Disability Income contract issued by the Insurer.

10. "Commencement Date" is the day when benefits begin during a continuous period of disability.

11. "Qualification Period" is the number of days that Total Disability, as defined in the Policy, must continue before Residual Partial Disability Benefits, as defined in the Policy, can be payable.

12. "Maximum Benefit Period" is the longest period of time for which the New England Mutual Life Insurance Company will pay benefits during any period of continuous disability as defined in the Policy.

13. "Disability" has the meanings contained in the Policy.

14. "Full-time Employment" has the same definition as used for the Employer's qualified pension plan.

BENEFITS
The Commencement Date, Qualification Period, Maximum Benefit Period, Total Disability Benefit and Residual Disability Benefit are described in detail on the definitions page of the Policy or Policies delivered as part of this Plan. For exact details of these and other provisions, refer to your Policy(ies).

SATISFACTORY HEALTH REQUIREMENTS
Participation in this Plan requires evidence of insurability as determined by the Insurer. Employees who do not satisfy all requirements of the Insurer may

be issued limited coverage, if available, in lieu of complete exclusion from the Plan. An otherwise eligible Employee who does not meet the Insurer's requirements for a Policy will not be a Participant in this Plan.

The Employer will pay its share of premiums while the Plan is in effect and while the Employee continues as a Participant in the Plan; the Employer will have no obligation to pay any premiums after a Participant ceases active full-time employment with the Bank.

OWNERSHIP OF POLICIES

Each Participant will be the applicant, owner and holder of his/her Policy. As the insured-owner, he/she is responsible for submitting any claims directly to the Insurer and will receive claim payments directly from the Insurer. The Employer is in no way responsible for the processing of claims or the payment thereof, and the determination of claim payments rests solely and wholly with the Insurer. The insured- owner may request the Employer to withhold income tax from sick pay payments. Should such a request be made, the Insurer is required to deduct and withhold the appropriate amount from claim payments. The Employer will furnish the insured-owner with the necessary forms for income tax purposes.

POLICY CONTINUATION

When a Participant ceases active full-time employment with the Bank, he/she has the right as policy-owner to assume premium payments for his/her Policy and maintain it in force subject to the terms of the Policy.

TERMINATION OF EMPLOYMENT AND/OR PLAN

In the event of termination of employment of a Participant, the Employer will reduce the total premium for the Plan by the amount of the terminated Participant's premium and inform the Insurer of such termination.

The Employer may terminate this Wage Continuation Plan by an express declaration in writing and by notifying the Insurer and each Participant of such action. At termination each Participant may assume payment of premiums for his/her Policy.

MISCELLANEOUS

The terms of the Plan anticipate addition of new Participants and changes in coverage for existing Participants from time to time. However, the Employer is in no way obligated to provide benefits for any Employee or for which an Employee may have become eligible but for which no Policy has been issued.

The Employer's liability for wage continuation payments is discharged by the payment of premiums for each Individual Policy. Failure of the Insurer to approve or otherwise honor claim for payment will in no way obligate the Employer.

HOW TO MAKE INQUIRIES, TRANSACTIONS, AND CLAIMS FOR BENEFITS UNDER PLAN

Any inquiry, transaction, or claim for benefits under the Plan must be made by addressing in writing the Plan Administrator who will also serve as Agent for Service of Process.

If a claim for benefits by any Participant is denied in whole or in part, then the New England Mutual Life Insurance Company of Boston, Massachusetts, will set forth in writing the specific reasons for such denial.

FURTHER INFORMATION

This is a brief summary of benefits available. Complete terms and conditions governing the Plan are set forth in the Policies underwritten by the New England Mutual Life Insurance Company of Boston, Massachusetts.

In the event of conflict between this summary and the Policies, the Policies are the controlling documents.

If you have any questions, you may write to the Plan Administrator named above, at the above address.

EXHIBIT 10.14

NBT Bancorp Inc. and Subsidiaries Master Deferred Compensation Plan of Directors, adopted February 11, 1992.

NBT BANCORP & SUBSIDIARIES

1992 DEFERRED COMPENSATION PLAN FOR DIRECTORS

NBT Bancorp Inc. and Subsidiaries ("NBT") Deferred Compensation Plan for Directors ("Plan") is an unfunded deferred compensation plan developed to provide Directors of NBT with the opportunity to defer payment of their director, advisory board, and committee fees in accordance with the provisions of the Plan.

ARTICLE I

DIRECTOR'S ELECTION

Each NBT director may elect on or before December 31st of any year to defer receipt of all or a specified part of the Director's fees earned as a director of NBT for succeeding calendar years. Any person elected to the Board of Directors of NBT, and who was not a Director on the preceding December 31st, may elect, within 30 days of such election, to defer all or a specified part of the fees for the balance of the calendar year (remaining after such election to defer) in which such election occurred and for succeeding calendar years.

The election of a Director must be in writing and submitted to the Secretary or Treasurer of NBT within the time specified above, and such election to defer fees will continue from year to year unless the Director terminates it by written notice to the Secretary or Treasurer of NBT. The notice of termination of an election will not affect previously deferred fees, and such fees shall be paid out only in accordance with the provisions of the Plan. The election of a Director is automatically terminated at the close of the calendar year in which such Director attains age 72.

ARTICLE II

MAINTENANCE OF ACCOUNTS

NBT will maintain a separate memorandum account ("Account") of the fees deferred by each Director and will credit such Account with interest as provided in Article III hereof. NBT will provide each participating Director with a year-end statement of such Director's Account within 45 days after the end of each calendar year.

This memorandum account shall not be deemed to give the Director any right, title or interest to such account and all deferred fees shall be subject to the provisions of Article VIII.

ARTICLE III

INTEREST ON ACCOUNTS

Interest shall be computed monthly, based on the lowest balance in each Director's Account during the month, as if invested at an annual rate equal to the highest annual rate offered by NBT on any customer deposit account in effect on the last day of the preceding calendar year. Such interest shall be credited to the Director's Account as of the last day of each calendar month.

ARTICLE IV

DISTRIBUTION OF THE ACCOUNTS

NBT will distribute the balance in the Account over five (5) annual installments to the Director upon the Director ceasing to be a director of NBT, or, upon the Director's death, to the Beneficiary or Beneficiaries (as designated in Article V hereof) beginning on each January 31st of the first calendar year beginning after the Director terminates his or her directorship, or attains age 72; or if a Director dies before payments have begun under the

Plan, NBT shall pay the first installment to the Director's Beneficiary or Beneficiaries on the first January 31st following the date of the Directors death. NBT shall pay each annual installment due thereafter on January 31st of each subsequent year.

If a Director becomes a proprietor, director, officer, partner, employee, or otherwise becomes affiliated with any business that is in direct competition with NBT, or with any of its affiliates or subsidiaries, as determined by the Board of Directors in its sole discretion, without the written consent of the Board of Directors, the Board of Directors may direct the payment of the entire balance in the Account to such Director in a lump sum.

The Board of Directors may, in its sole discretion, accelerate payment of all or any portion of a Director's remaining Account under the Plan, if the Board of Directors determines that the Director is in serious financial need or has had encountered some other hardship or disaster providing good and justifiable cause for accelerating such payments.

The director shall have the option to defer payment of his or her Account distribution for a period of up to five (5) years after termination as a member of the Board of Directors by an election made in writing no later than December 31st of the calendar year prior to termination. Such election may be made only with the written consent to the Board of directors of NBT, which consent shall not be unreasonably withheld. During this additional deferred period, interest shall accrue in accordance with Article III of the Plan.

ARTICLE V

DESIGNATION OF BENEFICIARY

The director may designate a Beneficiary or Beneficiaries by delivering a notice of such designation in writing to the Secretary or Treasurer of NBT, which designation may be changed from time to time by written notice to the Secretary or Treasurer. Upon the death of any Director, the remaining balance of the Director's Account shall be paid to the Beneficiary or Beneficiaries in accordance with the provisions of Article IV hereof. If the designated Beneficiary or Beneficiaries fail to survive the Director, or if a Director fails to designate a Beneficiary, NBT shall pay the balance in the Account to the estate of such Director in a lump sum.

ARTICLE VI

INALIENABILITY OF BENEFITS

The right of any Director to receive payment from the Account under the provisions of this Plan shall not be subject to alienation or assignment, and if a Director shall attempt to assign, transfer, or dispose of such right, or should such right be subject to attachment, execution, garnishment, sequestration, or other legal, equitable, or other process, it shall pass and be transferred to one or more of such Director's Beneficiaries, spouse, blood relatives, or dependents in such proportions as the Board of Directors may choose; provided, however, that notwithstanding the foregoing, the Board of Directors may revoke or amend its choice of the persons, or the proportions received by such persons, previously chosen by the Board of Directors under this Article VI.

ARTICLE VII

AMENDMENT OR TERMINATION OF PLAN

The Board of Directors may at any time amend or terminate this Plan, but no such amendment or termination shall have the effect of reducing the amount in the Account at the time such amendment or termination that any Director is entitled to receive.

ARTICLE VIII

UNSECURED CREDITOR

Nothing contained in this Plan and no action taken pursuant to the provisions of this Plan shall create or be construed to create a trust of any kind, or a fiduciary relationship between NBT and the Director, his or her designated beneficiary or any other person, no shall the Director or any designated beneficiary have any preferred claim on, any title to, or any beneficial interest in, the assets of NBT or the payments deferred hereunder prior to the time such payments are actually paid to the Director pursuant to the terms herein. to the extent that the Director, his or her designated beneficiary or any person acquires a right to receive payments from NBT under this Plan, such right shall be no greater than the right of any unsecured general creditor of NBT.

ARTICLE IX

INTENT

The intent of this Plan is to create a nonqualified, unfunded, deferred compensation plan which will defer the deduction of such compensation for tax purposes by NBT and which will correspondingly defer the recognition of such compensation by the Director until such fees are actually paid. It is therefore intended, and this Plan shall be construed and where necessary modified, so that the Director shall not be deemed to have constructively received such deferred compensation.

ARTICLE X

OTHER

This Plan shall be binding upon and inure to the benefit of NBT and any successor of NBT, including any person, firm, corporation, or other business entity which at any time, by merger, consolidation, purchase or otherwise, acquires all or substantially all of the stock, assets or business of NBT, and shall be binding upon the participants, the participant's heirs, executors, administrators, successors and assigns.

Any action to be taken by the Board of Directors under this Plan may be taken by such Board Executive Committee.

EXHIBIT 10.18
Restricted Stock Agreement between NBT Bancorp Inc.
and (Director) made January 1, 2001.

RESTRICTED STOCK AGREEMENT
BETWEEN
NBT BANCORP INC. AND DIRECTOR

AGREEMENT made as of January 1, 2001 by and between NBT Bancorp Inc. ("Company") and [name of director] ("Participant"):

WHEREAS, the Participant is a Director of the Company and, as such, receives an annual retainer fee in addition to fees for meeting attendance. The Company and Participant agree that the Participant is entitled to receive the retainer fee in Company Stock subject to the conditions specified below.

THEREFORE, in consideration of the mutual promises and covenants contained herein, it is hereby agreed as follows:

1. AWARD OF SHARES.
Under the terms of this Agreement, the Company has awarded the Participant a Restricted stock award on January 1, 2000 ("Award Date"), covering 190 shares of NBT Bancorp Inc. Common Stock, with a fair market value equal to $3,008.27 (annual director's retainer), subject to the terms, conditions and restrictions set forth in this agreement.

2. AWARD RESTRICTIONS.
The shares covered by restricted stock award shall vest in accordance with the schedule set forth below:

FULL YEARS ELAPSED FROM AWARD DATE	PERCENT VESTED
1	33%
2	66%
3	100%

Upon the vesting of any part of the restricted stock award by virtue of the lapse of the restriction period set forth above or under Section 4 of this Agreement, the Company shall cause a stock certificate covering the requisite number of shares in the name of the Participant or beneficiary(ies) to be distributed within 30 days after vesting. Upon receipt of such stock certificate(s), the Participant or beneficiary(ies) are free to hold or dispose of such certificate at will.

During the restriction period, the shares covered by the restricted stock award not already vested are not transferable by the Participant by means of sale, assignment, exchange, pledge, or otherwise. However, the restriction period will lapse upon a change of ownership control within the meaning of Internal Revenue Code ss.368(c) of Company or NBT Bancorp Inc. The lapse of the restriction period will cause the restricted stock award to be fully vested.

3. STOCK CERTIFICATES.
The stock certificate(s) evidencing the restricted stock award shall be registered in the name of the Participant as of the Award Date. Physical possession or custody of such stock certificate(s) shall be retained by the Company until such time as the shares are vested (i.e. the restriction period lapses). The Company reserves the right to place a legend on the stock certificate(s) restricting the transferability of such certificate(s).

During the restriction period, except as otherwise provided in Section 2 of this Agreement, the Participant shall be entitled to all rights of a stockholder of the Company, including the right to vote the shares and receive cash dividends. Stock dividends declared by the Company will be characterized as restricted stock, and distributed with the principle restricted stock.

4. TERM OF DIRECTORSHIP.
If the Participant terminates board membership with the Company due to death, disability, retirement, or failure to be re-elected or re-appointed, the restricted stock award, to the extent not already vested, shall vest in full as of the date of such termination. Voluntary resignation or removal for cause will result in forfeiture of the non-vested grants. The Participant may designate a beneficiary(ies) to receive the stock certificate representing that portion of the restricted stock award automatically vested upon death. The participant has the right to change such beneficiary designation at will.

5. DUTY TO NOTIFY.
It is the Participant's duty to notify the Company in the event an Internal Revenue Code ss.83(b) election is made in the year of the award.

6. WITHHOLDING TAXES.
The Company shall have the right to retain and withhold from any payment under the restricted stock awarded the amount of taxes required by any government to be withheld or otherwise deducted and paid with respect to such payment. At its discretion, the Company may require a Participant receiving shares of Common Stock under a restricted stock award to reimburse the Company for any such taxes required to be withheld by the Company and withhold any distribution in whole or in part until the Company is so

reimbursed. In lieu thereof, the Company shall have the right to withhold from any other cash amounts due or to become due from the Company to the Participant an amount equal to such taxes required to be withheld by the Company to reimburse the Company for any such taxes or retain and withhold a number of shares having a market value not less than the amount of such taxes and cancel (in whole or in part) any such shares so withheld in order to reimburse the Company for any such taxes.

7. IMPACT ON OTHER BENEFITS.
The value of the restricted stock award (either on the Award Date or at the time the shares are vested) shall not be includable as compensation or earnings for purposes of any other benefit plan offered by the Company.

8. ADMINISTRATION.
The Compensation Committee shall have full authority and discretion to decide all matters relating to the administration and interpretation of this Agreement. The Compensation Committee shall have full power and authority to pass and decide upon cases in conformity with the objectives of this Agreement under such rules as the Board of Directors of the Company may establish.

Any decision made or action taken by the Company, the Board of Directors, or the Compensation Committee arising out of, or in connection with, the administration, interpretation, and effect of this Agreement shall be at their absolute discretion and will be conclusive and binding on all parties. No member of the Board of Directors, Compensation Committee, or employee of the Company shall be liable for any act or action hereunder, whether of omission or commission, by the Participant or by any agent to whom duties in connection with the administration of this Agreement have been delegated in accordance with the provision of this Agreement.

9. COMPANY RELATION WITH PARTICIPANTS.
Nothing in this Agreement shall confer on the Participant any right to continue as a director of the Company.

10. FORCE AND EFFECT.
The various provisions of this Agreement are severable in their entirety. Any determination of invalidity or unenforceability of any one provision shall have no effect on the continuing force and effect of the remaining provisions.

11. GOVERNING LAWS.
Except to the extent pre-empted under federal law, the provisions of this Agreement shall be construed, administered and enforced in accordance with the domestic internal law of the State of New York.

12. ENTIRE AGREEMENT.
This Agreement contains the entire understanding of the parties and shall not be modified or amended except in writing and duly signed by the parties. No waiver by either party of any default under this Agreement shall be deemed a waiver of any later default.

IN WITNESS WHEREOF, the parties have executed this Agreement on this _____ day of ________, ________

NBT BANCORP INC.

By_______________________________
President

And
by_______________________________
CFO and Treasurer

____
Signature of Participant

____
Name of Participant
(please print)

EXHIBIT 10.19

Severance Agreement and Mutual General Release between NBT Bancorp Inc. and John G. Martines.

SEVERANCE AGREEMENT AND MUTUAL GENERAL RELEASE

This is a Severance Agreement and Mutual General Release ("Agreement") between NBT Bancorp, Inc. ("NBTB") and John G. Martines ("Executive"). In consideration of the mutual promises and commitments made herein, and intending to be legally bound hereby, NBTB and Executive agree as follows:

1. Effective at 11:59p.m. on January 26, 2001, Executive has elected to retire and resign voluntarily from all positions he holds as an officer of NBTB's Pennsylvania banking operations, which is (or will be) doing business under the name of Pennstar Bank, N.A., and in accordance with the provisions of his employment agreement, dated February 17, 2000. Executive further acknowledges that, as a result of his retirement, his employment relationship with NBTB and Pennstar Bank will be permanently and irrevocably severed and that NBTB and Pennstar Bank will have no obligation, contractual or otherwise, to rehire or reinstate him after January 26, 2001.

2. NBTB and Executive agree that the Executive may continue, after his retirement, to serve as a director on the Boards of Directors of NBTB and Pennstar Bank, N.A. Furthermore, after the effective date of the merger of Pennstar Bank, N.A. with and into Nystar Bank, N.A., NBTB and Executive agree that the Executive may continue as the Chairman and a director of Pennstar Bank, which will be the Pennsylvania division of Nystar Bank, N.A. Executive shall not be entitled to receive directors' fees for such service.

3. NBTB agrees to pay Executive by wire transfer in immediately available funds to an account designated by Executive on January 26, 2001 or seven (7) days after execution of this Agreement by Executive, whichever is later, the following:

A. one million two hundred thousand dollars ($1,200,000); and

B. an amount equal to Executive's normal bonus payout under his existing employment agreement for the calendar year 2000, if not received prior to January 26, 2001.

Furthermore, NBTB will transfer title to the automobile currently used by Executive on January 26, 2001 or seven (7) days after execution of this Agreement by Executive, whichever is later.

Executive will also be entitled to receive no later than January 26, 2001, a grant of stock options pursuant to the NBT Bancorp, Inc. 1993 Stock Option Plan in accordance with his existing employment agreement.

4. Executive acknowledges and agrees that, except for the payment under paragraphs 3A and 3B, he is responsible for the payments of all federal, state and local estimated quarterly income tax payments for the blue-book value of the automobile as determined by NBTB.

5. Nothing in this Agreement shall affect Executive's vested portion of his account in NBTB's employee benefit and retirement programs. NBTB and Executive agree that the terms and provisions of Executive's current employment agreement shall remain in full force and effect up to and including January 26, 2001, except that Executive agrees to renounce any right to the payment of any salary to him for the period from January 1 to January 26, 2001 and any vacation accrual that may be earned for the calendar year 2001 and in exchange for such renouncement, NBTB shall award the Executive on December 31, 2000, eighteen additional vacation days to be used by the Executive in January 2001. NBTB shall pay the Executive for these vacation days at his current rate of compensation. Executive specifically acknowledges that his current employment agreement shall be null and void as of January 27, 2001.

6. In consideration for NBTB's commitments hereunder, Executive hereby remises, releases and forever discharges NBTB and each and all of its past and present subsidiaries, parent and related corporations, companies and divisions, and its past and present directors, trustees, officers, managers, supervisors, employees, attorneys, and agents, and their predecessors, successors and assigns (referred to collectively in this Agreement as "Releasees"), from any and all claims, debts, agreements, complaints or causes of action (hereinafter, collectively, "claims"), whether known or unknown, that he ever had, now has, or hereafter can, shall or may have against any or all of the Releasees, for, upon, or by reason of any cause, matter, thing or event whatsoever occurring at any time from the date of Executive's birth up to and including January 26, 2001. Executive acknowledges and understands that the claims being released in this paragraph include, but are not limited to: (i) any claim based on contract or in tort or common law; (ii) any claim based on or arising under any civil rights or employment discrimination laws, such as the Federal Age Discrimination in Employment Act (29 U.S.C. ss. 621 ET SEQ.) (hereinafter, "ADEA"), Title VII of the Civil Rights Act of 1964 (42 U.S.C. ss. 2000e ET seq.), or the Pennsylvania Human Relations Act (42 P.S. ss. 951 ET SEQ.); (iii) any claim based on or arising under any employment related law, such as the Employee Retirement Income Security Act of 1974, as amended (29 U.S.C. ss. 301 ET SEQ.), the Equal Pay Act (29 U.S.C. ss. 201 ET SEQ.), the Americans With Disabilities Act (42 U.S.C. ss. 12101 ET SEQ.), the Family and Medical Leave Act (29 U.S.C. ss. 2601 ET SEQ.), or the Fair Labor Standards Act, as amended (29 U.S.C. ss. 201 ET SEQ.); (iv) any claim based on or arising out of Executive's employment by NBTB and Pennstar Bank and their predecessors and/or his resignation therefrom including any claims pursuant to his employment agreement dated February 17, 2000; and (iv) any claims for compensatory, liquidated or punitive damages, damages for emotional distress, back pay, front pay, and benefits. In addition, effective

upon the eighth day following execution of this Agreement by Executive, Executive shall have hereby waived any and all claims, whether known or unknown, that he ever had, now has, or hereafter can, shall or may have under the Change-in-Control Agreement, as that term is defined in the Executive's employment agreement dated February 17, 2000. Executive understands that, by signing this Agreement, he waives all claims he ever had, now has, or may have against any of the Releasees. NBTB does hereby remise, release and forever discharge Executive from any and all claims, debts, agreements, complaints, liabilities, payments, accountings, actions and causes of action, whatsoever,

whether known or unknown, at the date and time Executive executes this Agreement, that NBTB does, shall or might have against Executive, for, upon or by reason of any cause, matter, thing or event whatsoever occurring at any time from the date of Executive's birth to and including the date and time he executes this Agreement. NBTB understands that, by the execution of this Agreement by an authorized officer, NBTB waives all claims it ever had, now have, or may have against Executive, including, but not limited to, claims arising out of his employment prior to the date and time he executes this Agreement. This release does not apply to the requirements and obligations contained within this Agreement. Furthermore, Executive specifically reserves his right to proceed against NBTB under Subsection 3(d) of Executive's employment agreement dated February 17, 2000.

7. If all or any portion of the amounts payable to Executive under this Agreement, either alone or together with other payments which Executive has the right to receive from NBTB, constitute "excess parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986 (the "Code") that are subject to the excise tax imposed by Section 4999 of the Code (or any successor sections), NBTB shall increase the amounts payable hereunder to the extent necessary to place Executive in the same after-tax position as he would have been in had no such excise tax been imposed on the payments hereunder. The determination of the amount of any such excise taxes shall be made by the independent accounting firm retained by NBTB.

If at a later date it is determined (pursuant to final regulations or published rulings of the Internal Revenue Service ("IRS"), assessment by the IRS or otherwise) that the amount of excise taxes payable by Executive is greater than the amount initially so determined, then NBTB shall pay Executive an amount equal to the sum of (A) such additional excise taxes, plus (B) any interest, fines and penalties with respect to such additional excise taxes, plus (C) the amount necessary to reimburse Executive for any income, excise or other taxes payable by Executive with respect to the amounts specified in (A) and (B) above and the reimbursement provided by this clause (C).

8. Executive further covenants and agrees not to sue any of the Releasees for any claims released hereunder, nor to assert any such claims against any of the Releasees for any purpose. Any claim for a breach of any provision of this Agreement may be remedied only by a lawsuit to enforce the Agreement and will not invalidate any party's release of claims.

9. Executive agrees that the terms of this Agreement are confidential, and that he will not disclose or publicize the terms of this Agreement or the amounts paid or agreed to be paid pursuant to this Agreement to any person or entity, except to his attorney or accountant, or to a government agency for the purposes of the payment or collection of taxes or application for unemployment compensation. NBTB agrees that the terms of this Agreement are confidential and they will not knowingly disclose or publicize (or knowingly permit their employees to disclose or publicize) the terms of this Agreement or the amount paid pursuant to this Agreement to any person or entity except their officers, directors, attorneys or accountants, or to a government agency or representative thereof; provided, however, that NBTB does not guarantee that none of its employees will not make any such disclosure or publication; and provided

further, that NBTB reserves the right to disclose the terms of this Agreement in any filing required under the rules and regulations promulgated under the Securities Exchange Act of 1934 by the Securities and Exchange Commission ("SEC") if, in the opinion of NBTB's counsel, such disclosure is required under such rules and regulations of the SEC.

10. All executed copies of this Agreement, and photocopies thereof, shall have the same force and effect and shall be as legally binding and enforceable as the original.

11. All provisions of this Agreement are severable, and if any of them is determined to be invalid or unenforceable for any reason, the remaining provisions and portions of this Agreement shall be unaffected thereby and shall remain in full force to the fullest extent permitted by law.

12. This Agreement is binding on Executive and on his successors, administrators, heirs and assigns, and inures to the benefit of each of NBTB and the Releasees and their successors, predecessors, heirs, executors, administrators or assigns, as the case may be.

13. Executive acknowledges that he has been advised of his rights to consult with an attorney before signing this Agreement and that he has been encouraged to do so. Consequently, he has been represented by independent counsel in this matter.

14. Executive makes the following additional representations to NBTB, each of which is significant and an important consideration for NBTB's willingness to enter into the Agreement:

A. Executive expressly acknowledges that if he did not execute the Agreement, he would not be entitled to receive the money set forth in paragraph 3 A.

B. Executive acknowledges that he has been given a full and fair opportunity to review the Agreement. NBTB specifically recommended that Executive consult with an attorney before executing the Agreement, and he has been allowed up to twenty-one (21) days to consider whether to accept the Agreement. Executive acknowledges that he is signing this Agreement voluntarily and of his own free will, with full knowledge of the nature and consequences of its terms.

C. Executive understands that he may change his mind, and not retire and revoke the Agreement at any time during the seven (7) days after he signs the Agreement, provided he does so in writing, in which case none of the provisions of the Agreement will have any effect. Executive understands that he will not be entitled to receive any payments under the Agreement until the seven (7) day revocation period has expired without revocation of the Agreement.

15. By entering into this Agreement, NBTB does not admit that it or any of its employees violated any law or any legal right of Executive and, in fact, NBTB expressly denies liability. NBTB is entering into this Agreement solely for

the purpose of effectuating a mutually satisfactory retirement benefit for Executive and, therefore, termination of his positions, as an officer of NBTB and the Pennstar Bank.

16. By entering into this Agreement, neither Executive, nor NBTB admits that he or they, or any of their employees, violated any law or legal right of the other, and, in fact, Executive, and NBTB expressly deny liability or responsibility. They are entering into this Agreement solely for the purpose of effectuating a mutual satisfactory severance of Executive's employment with, and termination of his positions as an officer of NBTB.

17. NBTB and Executive agree that this Agreement will have no force and effect, unless and until NBTB and Executive enter into the Consulting Agreement as set forth at Exhibit A to this Agreement.

18. The Agreement and all acts and transactions contemplated hereunder shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, without regard to principles of conflict of laws.

19. Each party shall be responsible for its own attorneys' fees.

20. This is the complete and final agreement between the parties and supersedes all prior or contemporaneous agreements, employment offers, negotiations or retirement discussions with respect to such subject matters with the specific exception the Consulting Agreement set forth at Exhibit A hereto.

NBT BANCORP, INC.

By: /S/ John G. Martines	By: /S/ Daryl R. Forsythe
John G. Martines	Daryl R. Forsythe,
	President and Chief Executive Officer
Date: October 17, 2000	Date: October 17, 2000

EXHIBIT 10.20
Severance Agreement and Mutual General Release between
NBT Bancorp Inc. and Joe C. Minor.

SEVERANCE AGREEMENT AND MUTUAL GENERAL RELEASE

This is a Severance Agreement and Mutual General Release ("Agreement") between NBT Bancorp, Inc. ("NBTB") and Joe C. Minor ("Executive"). In consideration of the mutual promises and commitments made herein, and intending to be legally bound hereby, NBTB and Executive agree as follows:

1. Effective at 11:59p.m. on January 26, 2001, Executive has elected to retire and resign voluntarily from all positions he holds as an officer or director or both of NBTB or its subsidiaries and affiliates, as the case may be, and in accordance with the provisions of his employment agreement, dated January 1, 2000. Executive further acknowledges that, as a result of his retirement, his employment relationship with NBTB will be permanently and irrevocably severed and that NBTB will have no obligation, contractual or otherwise, to rehire or reinstate him after January 26, 2001.

2. NBTB agrees to purchase, or will arrange for a third party to purchase, the Executive's residence at One Wales Drive, Norwich, New York ("Wales Property") at a purchase price equal to: the value delineated in an appraisal prepared by an appraiser selected by NBTB from the list of appraisers maintained by NBT Bank, National Association or the value of the Executive's investment in the Wales Property, whichever value is greater. After such purchase, NBTB or the third party purchaser, as the case may be, will agree to lease the Wales Property to the Executive at a mutually agreed upon rental rate, on a month-to-month term, for as long as the Executive chooses; provided, however, that this month-to-month rental arrangement shall terminate within 12 months of the date of this Agreement.

3. NBTB agrees to pay Executive by wire transfer in immediately available funds to an account designated by Executive on January 26, 2001 or seven (7) days after execution of this Agreement by Executive, whichever is later, the following:

A. one million two hundred thousand dollars ($1,200,000); and
B. an amount equal to Executive's normal bonus payout under his existing employment agreement for the calendar year 2000, if not received prior to January 26, 2001.

Furthermore, NBTB will transfer title to the automobile and personal laptop computer currently used by Executive on January 26, 2001 or seven (7) days after execution of this Agreement by Executive, whichever is later, and will continue in force the medical health insurance benefit program for Executive and on a self-paid basis for dependents of Executive, subject to any COBRA provisions, that is in effect on January 26, 2001, until Executive reaches the age of sixty-two (62) years.

Executive will also be entitled to receive no later than January 26, 2001, a grant of stock options pursuant to the NBT Bancorp, Inc. 1993 Stock Option Plan in accordance with his existing employment agreement.

4. Executive acknowledges and agrees that, except for the payments under paragraphs 3A and 3B (which are subject to the normal withholding rules), he is responsible for the payments of all federal, state and local estimated quarterly income tax payments for the blue-book value of the automobile and used value of the laptop computer as determined by NBTB.

5. Nothing in this Agreement shall affect Executive's vested portion of his account in NBTB's employee benefit and retirement programs. NBTB and Executive agree that the terms and provisions of Executive's current employment agreement shall remain in full force and effect up to and including January 26, 2001, except that Executive agrees to renounce any right to the payment of any salary to him for the period from January 1 to January 26, 2001 and any vacation accrual that may be earned for the calendar year 2001 and in exchange for such renouncement, NBTB shall award the Executive, on December 31, 2000, eighteen additional vacation days to be used by the Executive in January 2001. NBTB shall pay the Executive for these vacation days at his current rate of compensation. Executive specifically acknowledges that this current employment agreement shall be null and void as of January 27, 2001.

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

B. Executive hereby agrees that from January 27, 2001 to January 26, 2003, Executive will not (i) engage in the business activities that NBTB or any of its subsidiaries and affiliates are engaged in on January 27, 2001, other

than on behalf of NBTB, its subsidiaries or their affiliates within the Market Area (as hereinafter defined); (ii) directly or indirectly own, manage, operate, control, be employed by, or provide management or consulting services in any capacity to any firm, corporation, or other entity (other than NBTB, its subsidiaries or their affiliates) engaged in the business same as NBTB in the Market Area; or (iii) directly or indirectly solicit or otherwise intentionally cause any person known to Executive to be an employee, officer, or member of the Board of Directors of NBTB or any of their affiliates to engage in any action prohibited under (i) or (ii) of this paragraph 6B; provided that the ownership by Executive as an investor of not more than five percent of the outstanding shares of stock of any corporation, or the shares of any investment company as defined in section 3 of the Investment Company Act of 1940, as amended, shall not in itself constitute a violation of Executives obligations under this paragraph 6B.

C. Executive acknowledges and agrees that irreparable injury will result to NBTB in the event of a breach of any of the provisions of this paragraph 6 (the "Designated Provisions") and that NBTB will have no adequate remedy at law with respect thereto. Accordingly, in the event of a material breach of any Designated Provision, and in addition to any other legal or equitable remedy NBTB may have, NBTB shall be entitled to the entry of a preliminary and permanent injunction (including, without limitation, specific performance) by a court of competent jurisdiction in Chenango County, New York, or elsewhere, to restrain the violation or breach thereof by Executive, and Executive submits to the jurisdiction of such court in any such action.

D. It is the desire and intent of the parties that the provisions of this paragraph 6 shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this paragraph 6 shall be adjudicated to be invalid or unenforceable, such provision shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. In addition, should any court determine that the provisions of this paragraph 6 shall be unenforceable with respect to scope, duration, or geographic area, such court shall be empowered to substitute, to the extent enforceable, provisions similar hereto or other provisions so as to provide to NBTB, to the fullest extent permitted by applicable law, the benefits intended by this paragraph 6.

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

7. If all or any portion of the amounts payable to Executive under this Agreement, either alone or together with other payments which Executive has the

right to receive from NBTB, constitute "excess parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986 (the "Code") that are subject to the excise tax imposed by Section 4999 of the Code (or any successor sections), NBTB shall increase the amounts payable hereunder to the extent necessary to place Executive in the same after-tax position as he would have been in had no such excise tax been imposed on the payments hereunder. The determination of the amount of any such excise taxes shall be made by the independent accounting firm retained by NBTB.

If at a later date it is determined (pursuant to final regulations or published rulings of the Internal Revenue Service ("IRS"), assessment by the IRS or otherwise) that the amount of excise taxes payable by Executive is greater than the amount initially so determined, then NBTB shall pay Executive an amount equal to the sum of (A) such additional excise taxes, plus (B) any interest, fines and penalties with respect to such additional excise taxes, plus (C) the amount necessary to reimburse Executive for any income, excise or other taxes payable by Executive with respect to the amounts specified in (A) and (B) above and the reimbursement provided by this clause (C).

8. In consideration for NBTB's commitments hereunder, Executive hereby remises, releases and forever discharges NBTB and each and all of its past and present subsidiaries, parent and related corporations, companies and divisions, and its past and present directors, trustees, officers, managers, supervisors, employees, attorneys, and agents, and their predecessors, successors and assigns (referred to collectively in this Agreement as "Releasees"), from any and all claims, debts, agreements, complaints or causes of action (hereinafter, collectively, "claims"), whether known or unknown, that he ever had, now has, or hereafter can, shall or may have against any or all of the Releasees, for, upon, or by reason of any cause, matter, thing or event whatsoever occurring at any time from the date of Executive's birth up to and including January 26, 2001. Executive acknowledges and understands that the claims being released in this paragraph include, but are not limited to: (i) any claim based on contract or in tort or common law; (ii) any claim based on or arising under any civil rights or employment discrimination laws, such as the Federal Age Discrimination in Employment Act (29 U.S.C. ss. 621 ET SEQ.) (hereinafter, "ADEA"), Title VII of the Civil Rights Act of 1964 (42 U.S.C. ss. 2000e ET seq.), or the New York Human Rights Law (McKinney's N.Y. Executive Law, Ch. Eighteen, Art. 15, ss. 290 et. seq.); (iii) any claim based on or arising under any employment related law, such as the Employee Retirement Income Security Act of 1974, as amended (29 U.S.C. ss. 301 ET SEQ.), the Equal Pay Act (29 U.S.C. ss. 201 ET SEQ.), the Americans With Disabilities Act (42 U.S.C. ss. 12101 ET SEQ.), the Family and Medical Leave Act (29 U.S.C. ss. 2601 ET SEQ.), or the Fair Labor Standards Act, as amended (29 U.S.C. ss. 201 ET SEQ.); (iv) any claim based on or arising out of Executive's employment by NBTB and its predecessors and/or his resignation therefrom including any claims pursuant to his employment agreement dated January 1, 2000; and (iv) any claims for compensatory, liquidated or punitive damages, damages for emotional distress, back pay, front pay, and benefits. In addition, effective upon the eighth day following execution of this Agreement by Executive, Executive shall have hereby waived any and all claims, whether known or unknown, that he ever had, now has, or hereafter can, shall or may have under the Change-in-Control Agreement, as that term is defined in the Executive's

employment agreement dated January 1, 2000. Executive understands that, by signing this Agreement, he waives all claims he ever had, now has, or may have against any of the Releasees. NBTB does hereby remise, release and forever discharge Executive from any and all claims, debts, agreements, complaints, liabilities, payments, accountings, actions and causes of action, whatsoever, whether known or unknown, at the date and time Executive executes this Agreement, that NBTB does, shall or might have against Executive, for, upon or by reason of any cause, matter, thing or event whatsoever occurring at any time from the date of Executive's birth to and including the date and time he executes this Agreement. NBTB understands that, by the execution of this Agreement by an authorized officer, NBTB waives all claims it ever had, now have, or may have against Executive, including, but not limited to, claims arising out of his employment prior to the date and time he executes this Agreement. This release does not apply to the requirements and obligations contained within this Agreement nor to the vested rights of the Executive under the Qualified Plan, 401(k) Plan, ESOP, and Stock Option Plan of NBTB.

9. Executive further covenants and agrees not to sue any of the Releasees for any claims released hereunder, nor to assert any such claims against any of the Releasees for any purpose. Any claim for a breach of any provision of this Agreement may be remedied only by a lawsuit to enforce the Agreement and will not invalidate any party's release of claims.

10. Executive agrees that the terms of this Agreement are confidential, and that he will not disclose or publicize the terms of this Agreement or the amounts paid or agreed to be paid pursuant to this Agreement to any person or entity, except to his attorney or accountant, or to a government agency for the purposes of the payment or collection of taxes or application for unemployment compensation. NBTB agrees that the terms of this Agreement are confidential and they will not knowingly disclose or publicize (or knowingly permit their employees to disclose or publicize) the terms of this Agreement or the amount paid pursuant to this Agreement to any person or entity except their officers, directors, attorneys or accountants, or to a government agency or representative thereof; provided, however, that NBTB does not guarantee that none of its employees will not make any such disclosure or publication; and provided further, that NBTB reserves the right to disclose the terms of this Agreement in any filing required under the rules and regulations promulgated under the Securities Exchange Act of 1934 by the Securities and Exchange Commission ("SEC") if, in the opinion of NBTB's counsel, such disclosure is required under such rules and regulations of the SEC.

11. All executed copies of this Agreement, and photocopies thereof, shall have the same force and effect and shall be as legally binding and enforceable as the original.

12. All provisions of this Agreement are severable, and if any of them is determined to be invalid or unenforceable for any reason, the remaining provisions and portions of this Agreement shall be unaffected thereby and shall remain in full force to the fullest extent permitted by law.

13. This Agreement is binding on Executive and on his successors, administrators, heirs and assigns, and inures to the benefit of each of NBTB and the Releasees and their successors, predecessors, heirs, executors, administrators or assigns, as the case may be.

14. Executive acknowledges that he has been advised of his rights to consult with an attorney before signing this Agreement and that he has been encouraged to do so. Consequently, he has been represented by independent counsel in this matter.

15. Executive makes the following additional representations to NBTB, each of which is significant and an important consideration for NBTB's willingness to enter into the Agreement:

A. Executive expressly acknowledges that if he did not execute the Agreement, he would not be entitled to receive the money set forth in paragraph 3 A.

B. Executive acknowledges that he has been given a full and fair opportunity to review the Agreement. NBTB specifically recommended that Executive consult with an attorney before executing the Agreement, and he has been allowed up to twenty-one (21) days to consider whether to accept the Agreement. Executive acknowledges that he is signing this Agreement voluntarily and of his own free will, with full knowledge of the nature and consequences of its terms.

C. Executive understands that he may change his mind, not retire and revoke the Agreement at any time during the seven (7) days after he signs the Agreement, provided he does so in writing, in which case none of the provisions of the Agreement will have any effect. Executive understands that he will not be entitled to receive any payments under the Agreement until the seven (7) day revocation period has expired without revocation of the Agreement.

16. By entering into this Agreement, NBTB does not admit that it or any of its employees violated any law or any legal right of Executive and, in fact, NBTB expressly denies liability. NBTB is entering into this Agreement solely for the purpose of effectuating a mutually satisfactory retirement benefit for Executive and, therefore, Executive's termination of his positions, as an officer or director or both of NBTB, its subsidiaries and affiliates.

17. By entering into this Agreement, neither Executive, nor NBTB admits that he or they, or any of their employees, violated any law or legal right of the other, and, in fact, Executive and NBTB expressly deny liability or responsibility. They are entering into this Agreement solely for the purpose of effectuating a mutual satisfactory retirement of Executive from his employment, and termination of his positions with NBTB, its subsidiaries and affiliates.

18. The Agreement and all acts and transactions contemplated hereunder shall be governed, construed and interpreted in accordance with the laws of the State of New York, without regard to principles of conflict of laws.

19. Each party shall be responsible for its own attorneys' fees.

20. NBTB and Executive agree that this Agreement will have no force and effect, unless and until NBTB and Executive enter into the Supplemental Retirement Agreement between NBTB and Executive, dated October 13, 2000, as set forth at Exhibit A to this Agreement.

21. This is the complete and final agreement between the parties and supersedes all prior or contemporaneous agreements, employment offers, negotiations or retirement discussions with respect to such subject matters with the specific exception of the Supplemental Retirement Agreement set forth at Exhibit A hereto and to the vested rights of the Executive under the Qualified Plan, 401(k) Plan, ESOP, and Stock Option Plan of NBTB, all of which are reserved to the Executive.

NBT BANCORP, INC.

By: /S/ Joe C. Minor
Joe C. Minor
Date: 10/13/00

By: /S/ Daryl R. Forsythe
Daryl R. Forsythe,
President and Chief Executive Officer
Date: 10/16/00

EXHIBIT A

SUPPLEMENTAL RETIREMENT AGREEMENT

This sets forth the terms of an agreement for the payment of supplemental retirement income ("Agreement") made as of October 13, 2000 between (i) NBT BANCORP INC., a Delaware corporation and a registered bank holding company, and NBT BANK, NATIONAL ASSOCIATION, a national banking association chartered under the laws of the United States, both having offices located at Norwich, New York (collectively, the "Bank"), and (ii) JOE C. MINOR, an individual residing at One Wales Drive, Norwich, New York 13815, and who is a member of a select group of management or highly compensated employees within the meaning of section 201(2) of the Employee Retirement Income Security Act of 1974, as amended ("Minor").

Witnesseth That:

WHEREAS, NBTB, the Bank and Minor desire to make changes in Minor's current Supplemental Retirement Agreement as part of Minor's retirement and severance arrangement as an officer or director of NBTB, the Bank or any of their subsidiaries and affiliates, as the case may be;

WHEREAS, NBTB and Minor have entered into a Severance Agreement and Mutual General Release with respect to his retirement on even date herewith;

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

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

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

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

MORTALITY:	Applicable Mortality Rate" as such term is defined in Section 2.03c of the Qualified Plan.
INTEREST RATE:	"Applicable Interest Rate" as such term is defined in Section 2.09b of the Qualified Plan.

(b) CAUSE. "Cause" shall mean Minor's willful or gross misconduct with respect to the business and affairs of the Bank, or with respect to any of its affiliates.

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

(d) DETERMINATION DATE. "Determination Date" shall mean the first day of the month following Minor's 62nd birthday.

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

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

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

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

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

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

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

(g) QUALIFIED PLAN. "Qualified Plan" shall mean the NBT Bancorp Inc. Defined Benefit Pension Plan and Cash Balance Plan.

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

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

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

3. AMOUNT OF SUPPLEMENTAL RETIREMENT BENEFIT.

(a) AMOUNT PAYABLE ON AND AFTER AGE 62. At age 62, Minor, subject to the other terms and conditions of this Agreement, shall be paid by the Bank an annual "Supplemental Retirement Benefit" determined as follows:

(i) ON AND AFTER AGE 62 BUT BEFORE SOCIAL SECURITY RETIREMENT AGE. Minor shall be entitled to a Supplemental Retirement Benefit on and after his 62nd birthday but before his Social Security Retirement Age in an amount equal to the excess of (1) $90,000, over (2) Minor's Other Retirement Benefits, determined as of the Determination Date and calculated in accordance with paragraph 2(e).

(ii) ON AND AFTER SOCIAL SECURITY RETIREMENT AGE. Minor shall be entitled to a Supplemental Retirement Benefit on and after his Social Security Retirement Age in an amount equal to the excess of (1) $90,000, over (2) the sum of (a) Minor's Other Retirement Benefits, determined as of the Determination Date and calculated in accordance with paragraph 2(e), plus (b) Minor's Social Security Benefit.

4. TIME OF PAYMENT.

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

5. FORM OF PAYMENT.

(a) The Supplemental Retirement Benefit described in paragraph 3 of this Agreement shall be paid as a straight life annuity, payable in monthly installments, for Minor's life; provided, however, that if Minor has no surviving spouse and dies, all payments shall cease and the Bank's obligation under this Agreement shall be deemed to have been fully discharged.

(b) Notwithstanding the form of payment described in subparagraph 5(a), if Minor is married on the date payment of the Supplemental Retirement Benefit commences, and Minor dies subsequent to that date, the benefit shall be paid as a 50% joint and survivor annuity with Minor's spouse as the Beneficiary. The 50% joint and survivor annuity shall be the Actuarial Equivalent of the benefit described in subparagraph 5(a). If the Supplemental Retirement Benefit is

payable pursuant to this subparagraph 5(b), but Minor's spouse fails to survive him, no payments will be made pursuant to this Agreement following Minor's death.

(c) Notwithstanding the foregoing provisions of this paragraph 5, the Bank, in its sole discretion, may accelerate the payment of all or any portion of the Supplemental Retirement Benefit or the reduced early Supplemental Retirement Benefit at any time. Any payment accelerated in accordance with this subparagraph 5(c) shall be the Actuarial Equivalent of the payment being accelerated. The Bank will use its best efforts, in good faith, to structure any such payment so as to avoid a constructive receipt to Executive.

6. PAYMENTS UPON MINOR'S DEATH. Except as provided in subparagraphs 6(a) and (b), if Minor shall die before his 62nd birthday, no payment shall be due under this Agreement.

(a) If Minor elects early retirement pursuant to the Severance Agreement and Mutual General Release dated October 13, 2000, and he dies before payment of any Supplemental Retirement Benefit has commenced, Minor's surviving spouse shall be paid, in monthly installments, as a straight life annuity, 50 percent of such Supplemental Retirement Benefit for her life commencing within 30 days following Minor's death, subject to the right of the Bank to accelerate such payments as provided in subparagraph 5(c). However, if Minor's spouse fails to survive him, no payments shall be made under this Agreement.

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

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

8. CLAIMS PROCEDURE.

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

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

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

(c) A denial notice shall contain:

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

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

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

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

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

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

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

(g) The review decision shall contain:

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

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

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

(i) The denial notice or, in the case of a timely review, the review decision (including a deemed denial under subparagraph 8(h)) shall be the Bank's final decision.

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

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

11. FUNDING.

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the parties hereby execute this Agreement as follows:

NBT BANCORP INC.

By: /S/ Everett A. Gilmour

Date: 10/16/00 Its: Chairman of the Board

NBT BANK, NATIONAL ASSOCIATION

By: /S/ Daryl R. Forsythe

Date: 10/16/00 Its: Chairman & CEO

Date: 10/13/00 /S/ Joe C. Minor
JOE C. MINOR

EXHIBIT 10.21

Severance Agreement and Mutual General Release between NBT Bancorp Inc. and John W. Reuther.

SEVERANCE AGREEMENT AND MUTUAL GENERAL RELEASE

This is a Severance Agreement and Mutual General Release ("Agreement") between NBT Bancorp, Inc. ("NBTB") and John W. Reuther ("Executive"). In consideration of the mutual promises and commitments made herein, and intending to be legally bound hereby, NBTB and Executive agree as follows:

1. Effective at 11:59p.m. on January 26, 2001, Executive has elected to retire and resign voluntarily from all positions he holds as an officer of NBTB's Pennsylvania banking operations, which is (or will be) doing business under the name of Pennstar Bank, N.A., and in accordance with the provisions of his employment agreement, dated July 1, 2000. Executive further acknowledges that, as a result of his retirement, his employment relationship with NBTB and Pennstar Bank will be permanently and irrevocably severed and that NBTB and Pennstar Bank will have no obligation, contractual or otherwise, to rehire or reinstate him after January 26, 2001.

2. NBTB and Executive agree that the Executive may continue, after his retirement, to serve as a director of Pennstar Bank, N.A. Furthermore, after the effective date of the merger of Pennstar Bank, N.A. with and into Nystar Bank, N.A., NBTB and Executive agree that the Executive may continue as the Vice Chairman and a director of Pennstar Bank, which will be the Pennsylvania division of Nystar Bank, N.A. As such, Executive shall be entitled to receive directors' fees and other such compensation as set by NBTB. The Executive understands and agrees that he will not be a member of the Board of Directors of Nystar Bank, N.A. after its merger with Pennstar Bank, N.A.

3. NBTB agrees to pay Executive by wire transfer in immediately available funds to an account designated by Executive on January 26, 2001 or seven (7) days after execution of this Agreement by Executive, whichever is later, the following:

A. one million two hundred thousand dollars ($1,200,000); and

B. an amount equal to Executive's normal bonus payout under his existing employment agreement for the calendar year 2000, if not received prior to January 26, 2001.

Furthermore, NBTB will transfer title to the automobile currently used by Executive on January 26, 2001 or seven (7) days after execution of this Agreement by Executive, whichever is later, and will continue in force the medical health insurance benefit program for Executive, that is in effect on January 26, 2001, until Executive reaches the age of sixty-two (62) years.

Executive will also be entitled to receive no later than January 26, 2001, a grant of stock options pursuant to the NBT Bancorp, Inc. 1993 Stock Option Plan in accordance with his existing employment agreement.

NBTB shall pay the membership fee for the Executive in the Elmhurst Country Club for the years 2001, 2002 and 2003. NBTB shall not pay any other expenses incurred by the Executive in connection with his activities at the Elmhurst Country Club.

4. Executive acknowledges and agrees that, except for the payment under paragraphs 3A and 3B, he is responsible for the payments of all federal, state and local estimated quarterly income tax payments for the blue-book value of the automobile as determined by NBTB.

5. Nothing in this Agreement shall affect Executive's vested portion of his account in NBTB's employee benefit and retirement programs. Nothing in this Agreement shall affect Executive's rights under the Pioneer American Bank Executive Retirement Plan, dated October 25, 1988 (effective back to January 1, 1988) or the Split Dollar Agreement, dated April 16, 1999. NBTB and Executive agree that the terms and provisions of Executive's current employment agreement shall remain in full force and effect up to and including January 26, 2001, except that Executive agrees to renounce any right to the payment of any salary to him for the period from January 1 to January 26, 2001 and any vacation accrual that may be earned for the calendar year 2001 and in exchange for such renouncement, NBTB shall award the Executive, on December 31, 2000, eighteen additional vacation days to be used by the Executive in January 2001. NBTB shall pay the Executive for these vacation days at his current rate of compensation. Executive specifically acknowledges that this current employment agreement shall be null and void as of January 27, 2001.

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

not be construed as restricting Executive from disclosing such information to the employees of NBTB, its subsidiaries, or their affiliates.

B. Executive hereby agrees that from January 27, 2001 to January 26, 2003, Executive will not (i) engage in the business activities that NBTB or any of its subsidiaries and affiliates are engaged in on January 27, 2001, other than on behalf of NBTB, its subsidiaries or their affiliates within the Market Area (as hereinafter defined); (ii) directly or indirectly own, manage, operate, control, be employed by, or provide management or consulting services in any capacity to any firm, corporation, or other entity (other than NBTB, its subsidiaries or their affiliates) engaged in the banking business in the Market Area; or (iii) directly or indirectly solicit or otherwise intentionally cause any person known to Executive to be an employee, officer, or member of the Board of Directors of Nystar Bank, N.A. or a director of Pennstar Bank, a division of Nystar Bank, N.A. or any of their affiliates to engage in any action prohibited under (i) or (ii) of this paragraph 6B; provided that the ownership by Executive as an investor of not more than five percent of the outstanding shares of stock of any corporation, or the shares of any investment company as defined in section 3 of the Investment Company Act of 1940, as amended, shall not in itself constitute a violation of Executives obligations under this paragraph 6B.

C. Executive acknowledges and agrees that irreparable injury will result to NBTB in the event of a breach of any of the provisions of this paragraph 6 (the "Designated Provisions") and that NBTB will have no adequate remedy at law with respect thereto. Accordingly, in the event of a material breach of any Designated Provision, and in addition to any other legal or equitable remedy NBTB may have, NBTB shall be entitled to the entry of a preliminary and permanent injunction (including, without limitation, specific performance) by a court of competent jurisdiction in Lackawanna County, Pennsylvania, or elsewhere, to restrain the violation or breach thereof by Executive, and Executive submits to the jurisdiction of such court in any such action.

D. It is the desire and intent of the parties that the provisions of this paragraph 6 shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this paragraph 6 shall be adjudicated to be invalid or unenforceable, such provision shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. In addition, should any court determine that the provisions of this paragraph 6 shall be unenforceable with respect to scope, duration, or geographic area, such court shall be empowered to substitute, to the extent enforceable, provisions similar hereto or other provisions so as to provide to NBTB, to the fullest extent permitted by applicable law, the benefits intended by this paragraph 6.

E. As used herein, "Market Area" shall mean the area or areas delineated by circles formed by radii extending twenty-five miles from (i) Scranton, Pennsylvania, (ii) the authorized branches of Pennstar Bank, N.A. or Pennstar Bank, a division of Nystar Bank, N.A., as the case may be, as they may exist from time to time, and (iii) each branch of a depository institution

affiliated with NBTB for which Executive has or has had significant executive or managerial responsibilities.

7. If all or any portion of the amounts payable to Executive under this Agreement, either alone or together with other payments which Executive has the right to receive from NBTB, constitute "excess parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986 (the "Code") that are subject to the excise tax imposed by Section 4999 of the Code (or any successor sections), NBTB shall increase the amounts payable hereunder to the extent necessary to place Executive in the same after-tax position as he would have been in had no such excise tax been imposed on the payments hereunder. The determination of the amount of any such excise taxes shall be made by the independent accounting firm retained by NBTB.

If at a later date it is determined (pursuant to final regulations or published rulings of the Internal Revenue Service ("IRS"), assessment by the IRS or otherwise) that the amount of excise taxes payable by Executive is greater than the amount initially so determined, then NBTB shall pay Executive an amount equal to the sum of (A) such additional excise taxes, plus (B) any interest, fines and penalties with respect to such additional excise taxes, plus (C) the amount necessary to reimburse Executive for any income, excise or other taxes payable by Executive with respect to the amounts specified in (A) and (B) above and the reimbursement provided by this clause (C).

8. In consideration for NBTB's commitments hereunder, Executive hereby remises, releases and forever discharges NBTB and each and all of its past and present subsidiaries, parent and related corporations, companies and divisions, and its past and present directors, trustees, officers, managers, supervisors, employees, attorneys, and agents, and their predecessors, successors and assigns (referred to collectively in this Agreement as "Releasees"), from any and all claims, debts, agreements, complaints or causes of action (hereinafter, collectively, "claims"), whether known or unknown, that he ever had, now has, or hereafter can, shall or may have against any or all of the Releasees, for, upon, or by reason of any cause, matter, thing or event whatsoever occurring at any time from the date of Executive's birth up to and including January 26, 2001. Executive acknowledges and understands that the claims being released in this paragraph include, but are not limited to: (i) any claim based on contract or in tort or common law; (ii) any claim based on or arising under any civil rights or employment discrimination laws, such as the Federal Age Discrimination in Employment Act (29 U.S.C. ss. 621 ET SEQ.) (hereinafter, "ADEA"), Title VII of the Civil Rights Act of 1964 (42 U.S.C. ss. 2000e ET seq.), or the Pennsylvania Human Relations Act (42 P.S. ss. 951 ET SEQ.); (iii) any claim based on or arising under any employment related law, such as the Employee Retirement Income Security Act of 1974, as amended (29 U.S.C. ss. 301 ET SEQ.), the Equal Pay Act (29 U.S.C. ss. 201 ET SEQ.), the Americans With Disabilities Act (42 U.S.C. ss. 12101 ET SEQ.), the Family and Medical Leave Act (29 U.S.C. ss. 2601 ET SEQ.), or the Fair Labor Standards Act, as amended (29 U.S.C. ss. 201 ET SEQ.); (iv) any claim based on or arising out of Executive's employment by NBTB and Pennstar Bank and their predecessors and/or his resignation therefrom including any claims pursuant to his employment agreement dated July 1, 2000; and (iv) any

claims for compensatory, liquidated or punitive damages, damages for emotional distress, back pay, front pay, and benefits. In addition, effective upon the eighth day following execution of this Agreement by Executive, Executive shall have hereby waived any and all claims, whether known or unknown, that he ever had, now has, or hereafter can, shall or may have under the Change-in-Control Agreement, as that term is defined in the Executive's employment agreement dated July 1, 2000. Executive understands that, by signing this Agreement, he waives all claims he ever had, now has, or may have against any of the Releasees. NBTB does hereby remise, release and forever discharge Executive from any and all claims, debts, agreements, complaints, liabilities, payments, accountings, actions and causes of action, whatsoever, whether known or unknown, at the date and time Executive executes this Agreement, that NBTB does, shall or might have against Executive, for, upon or by reason of any cause, matter, thing or event whatsoever occurring at any time from the date of Executive's birth to and including the date and time he executes this Agreement. NBTB understands that, by the execution of this Agreement by an authorized officer, NBTB waives all claims it ever had, now have, or may have against Executive, including, but not limited to, claims arising out of his employment prior to the date and time he executes this Agreement. This release does not apply to the requirements and obligations contained within this Agreement.

9. Executive further covenants and agrees not to sue any of the Releasees for any claims released hereunder, nor to assert any such claims against any of the Releasees for any purpose. Any claim for a breach of any provision of this Agreement may be remedied only by a lawsuit to enforce the Agreement and will not invalidate any party's release of claims.

10. Executive agrees that the terms of this Agreement are confidential, and that he will not disclose or publicize the terms of this Agreement or the amounts paid or agreed to be paid pursuant to this Agreement to any person or entity, except to his attorney or accountant, or to a government agency for the purposes of the payment or collection of taxes or application for unemployment compensation. NBTB agrees that the terms of this Agreement are confidential and they will not knowingly disclose or publicize (or knowingly permit their employees to disclose or publicize) the terms of this Agreement or the amount paid pursuant to this Agreement to any person or entity except their officers, directors, attorneys or accountants, or to a government agency or representative thereof; provided, however, that NBTB does not guarantee that none of its employees will not make any such disclosure or publication; and provided further, that NBTB reserves the right to disclose the terms of this Agreement in any filing required under the rules and regulations promulgated under the Securities Exchange Act of 1934 by the Securities and Exchange Commission ("SEC") if, in the opinion of NBTB's counsel, such disclosure is required under such rules and regulations of the SEC.

11. All executed copies of this Agreement, and photocopies thereof, shall have the same force and effect and shall be as legally binding and enforceable as the original.

12. All provisions of this Agreement are severable, and if any of them is determined to be invalid or unenforceable for any reason, the remaining

provisions and portions of this Agreement shall be unaffected thereby and shall remain in full force to the fullest extent permitted by law.

13. This Agreement is binding on Executive and on his successors, administrators, heirs and assigns, and inures to the benefit of each of NBTB and the Releasees and their successors, predecessors, heirs, executors, administrators or assigns, as the case may be.

14. Executive acknowledges that he has been advised of his rights to consult with an attorney before signing this Agreement and that he has been encouraged to do so. Consequently, he has been represented by independent counsel in this matter.

15. Executive makes the following additional representations to NBTB, each of which is significant and an important consideration for NBTB's willingness to enter into the Agreement:

A. Executive expressly acknowledges that if he did not execute the Agreement, he would not be entitled to receive the money set forth in paragraph 3 A.

B. Executive acknowledges that he has been given a full and fair opportunity to review the Agreement. NBTB specifically recommended that Executive consult with an attorney before executing the Agreement, and he has been allowed up to twenty-one (21) days to consider whether to accept the Agreement. Executive acknowledges that he is signing this Agreement voluntarily and of his own free will, with full knowledge of the nature and consequences of its terms.

C. Executive understands that he may change his mind, not retire and revoke the Agreement at any time during the seven (7) days after he signs the Agreement, provided he does so in writing, in which case none of the provisions of the Agreement will have any effect. Executive understands that he will not be entitled to receive any payments under the Agreement until the seven (7) day revocation period has expired without revocation of the Agreement.

16. By entering into this Agreement, NBTB does not admit that it or any of its employees violated any law or any legal right of Executive and, in fact, NBTB expressly denies liability. NBTB is entering into this Agreement solely for the purpose of effectuating a mutually satisfactory retirement benefit for Executive and, therefore, Executive's termination of his positions, as an officer of NBTB and the Pennstar Bank, N.A.

17. By entering into this Agreement, neither Executive, nor NBTB admits that he or they, or any of their employees, violated any law or legal right of the other, and, in fact, Executive, and NBTB expressly deny liability or responsibility. They are entering into this Agreement solely for the purpose of effectuating a mutual satisfactory severance of Executive's employment with, and termination of his positions as an officer of NBTB.

18. The Agreement and all acts and transactions contemplated hereunder shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, without regard to principles of conflict of laws.

19. Each party shall be responsible for its own attorneys' fees.

20. This is the complete and final agreement between the parties and supersedes all prior or contemporaneous agreements, employment offers, negotiations or retirement discussions.

NBT BANCORP, INC.

By: /S/ John W. Reuther	By: /S/ Daryl R. Forsythe
John W. Reuther	Daryl R. Forsythe,
	President and Chief Executive Officer
Date: November 10, 2000	Date: November __, 2000

EXHIBIT 21

List of Subsidiaries of the Registrant

SUBSIDIARIES OF THE REGISTRANT

NBT BANCORP INC. has the following subsidiaries, which are wholly owned:

NBT Bank, National Association
52 South Broad Street
Norwich, New York 13815
Telephone: (607) 337-2265
E.I.N. 15-0395735

Pennstar Bank, National Association
409 Lackawanna Avenue
Scranton, Pennsylvania 18503-2045
Telephone: (570) 343-8200
E.I.N. 22-2244950

NBT Financial Services, Inc.
52 South Broad Street
Norwich, New York 13815
Telephone: (607) 337-2265
E.I.N. 16-1576562

EXHIBIT 23

Consent of KPMG LLP

II-167 March 14, 2001

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
NBT Bancorp Inc.:

We consent to incorporation by reference in the registration statements on Form S-3 (File No. 33-12247) and Form S-8 (File Nos. 33-18976, 33-77410, 333-02925 and 333-67615) of NBT Bancorp Inc. of our report dated January 22, 2001, relating to the consolidated balance sheets of NBT Bancorp Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity, cash flows and comprehensive income for each of the years in the three-year period ended December 31, 2000, which report appears in the December 31, 2000 annual report on Form 10-K.

KPMG
Albany, New York
March 29, 2001