

NBT BANCORP INC
Form DEF 14A
April 01, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934 (Amendment No.)

Filed by Registrant
Filed by Party other than the Registrant
Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

NBT Bancorp Inc.
(Name of Registrant as Specified in Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

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

NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS

NBT Bancorp Inc. ("NBT") will hold an annual meeting of shareholders at the DoubleTree by Hilton Hotel, 225 Water Street, Binghamton, New York 13901 on May 5, 2015 at 10:00 a.m. local time for the following purposes:

1. To elect three directors for a one-year term, unless Proposal 2 is not approved, in which case the term shall be three years (Proposal 1);
2. To approve amendments to our Certificate of Incorporation and Bylaws, as amended and restated, to provide for the annual election of directors and related amendments to permit shareholders to remove directors without cause (Proposal 2);
3. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2015 (Proposal 3); and
4. To transact such other business as may properly come before the NBT annual meeting.

We have fixed the close of business on March 13, 2015 as the record date for determining those shareholders of NBT entitled to vote at the NBT annual meeting and any adjournments or postponements of the meeting. Only holders of record of NBT common stock at the close of business on that date are entitled to notice of and to vote at the NBT annual meeting.

By Order of the Board of Directors of
NBT Bancorp Inc.

/s/ Daryl R. Forsythe
Daryl R. Forsythe
Chairman of the Board

Norwich, New York
March 27, 2015

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED REGARDLESS OF THE NUMBER YOU OWN. EVEN IF YOU PLAN TO BE PRESENT, YOU ARE URGED TO COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD PROMPTLY IN THE ENVELOPE PROVIDED OR VOTE VIA THE TOLL-FREE TELEPHONE NUMBER OR VIA THE INTERNET ADDRESS LISTED ON THE PROXY CARD. YOU MAY REVOKE ANY PROXY GIVEN IN WRITING OR IN PERSON AT ANY TIME PRIOR TO THE VOTE AT THE ANNUAL MEETING.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on May 5, 2015: This Proxy Statement, along with our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and our 2014 Annual Report are available free of charge on our website at www.nbtbancorp.com/bncp/proxy.html.

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

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
May 5, 2015

This proxy statement and accompanying proxy card are being sent to the shareholders of NBT Bancorp Inc. ("NBT" or, the "Company") in connection with the solicitation of proxies on behalf of the Board of Directors to be used at the 2015 annual meeting of shareholders. This proxy statement, together with the enclosed proxy card, is being mailed to shareholders on or about March 27, 2015.

When and Where the NBT Annual Meeting Will Be Held

We will hold our annual meeting of shareholders at the DoubleTree by Hilton Hotel, 225 Water Street, Binghamton, New York 13901 on May 5, 2015 at 10:00 a.m. local time.

What Will Be Voted on at the NBT Annual Meeting

At our annual meeting, our shareholders will be asked to consider and vote upon the following proposals:

To elect three directors for a one-year term, unless Proposal 2 does not pass, in which case the term shall be three years (Proposal 1);

To approve amendments to our Certificate of Incorporation and Bylaws, as amended and restated, to provide for the annual election of directors and related amendments to permit shareholders to remove directors without cause (Proposal 2);

To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2015 (Proposal 3); and

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

We may take action on the above matters at our annual meeting on May 5, 2015, or on any later date to which the annual meeting is postponed or adjourned.

We are unaware of other matters to be voted on at our annual meeting. If other matters do properly come before our annual meeting, including consideration of a motion to adjourn the annual meeting to another time and/or place for the purpose of soliciting additional proxies, we intend that the persons named in this proxy will vote the shares represented by the proxies on such matters as determined by a majority of our Board.

Shareholders Entitled to Vote

We have set March 13, 2015, as the record date to determine which of our shareholders will be entitled to vote at our annual meeting. Only those shareholders who held their shares of record as of the close of business on that date will be entitled to receive notice of and to vote at our annual meeting. As of March 13, 2015, there were 43,975,315 outstanding shares of our common stock, held by holders of record. Each of our shareholders on the record date is entitled to one vote per share.

Vote Required to Approve the Proposals

The presence, in person or by proxy, of at least a majority of the total number of issued and outstanding shares of common stock entitled to vote at the annual meeting is necessary to constitute a quorum at the annual meeting. Assuming the presence of a quorum at the annual meeting, a plurality of the shares of our common stock represented at the annual meeting, either in person or by proxy, and entitled to vote thereon will elect directors (Proposal 1). This means that the three nominees who receive the most votes will be elected.

Proposal 2 must be approved by the affirmative vote of the holders of 80% of our common stock having voting power with respect to such amendment, and such vote must include the affirmative vote of the holders of 80% of our common stock excluding shares held by any 5% or greater shareholders and their affiliates. While the affirmative vote of the holders of only 66 2/3% of our common stock is required to amend the provisions of our Bylaws relating to classification of the Board and a majority of the total number of issued and outstanding shares of our common stock present and entitled to vote at the annual meeting is required to amend the provisions of our Bylaws relating to removal of directors not subject to classification, the higher shareholder approval level required to amend the Certificate of Incorporation applies to this proposal so that the Certificate of Incorporation and the Bylaws remain consistent one way or the other.

The affirmative vote of a majority of the shares of common stock represented at our annual meeting, either in person or by proxy, and entitled to vote thereon is required to ratify the appointment of our independent registered public accounting firm (Proposal 3).

Our Board urges our shareholders to complete, date and sign the accompanying proxy and return it promptly in the enclosed postage-paid envelope or vote via the Internet or by telephone. Broker non-votes will not be counted as a vote cast or entitled to vote on any matter presented at the annual meeting except that broker non-votes will have the effect of a vote cast “against” Proposal 2. Abstentions will be counted in determining the number of shares represented and entitled to vote and will have the effect of a vote cast “against” Proposals 2 and 3.

Number of Shares that Must Be Represented for a Vote to Be Taken

In order to have a quorum, a majority of the total voting power of our outstanding shares of common stock entitled to vote at our annual meeting must be represented at the annual meeting either in person or by proxy. Abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum for the transaction of business.

Voting Your Shares

Our Board is soliciting proxies from our shareholders. This will give you an opportunity to vote at our annual meeting without having to attend. When you deliver a valid proxy, the shares represented by that proxy will be voted by a named agent in accordance with your instructions.

If you are a shareholder and vote by proxy but make no specification on your proxy card that you have otherwise properly executed, the named agent will vote the shares represented by your proxy:

FOR electing the three persons nominated by our Board as directors
(Proposal 1);

FOR amending our Certificate of Incorporation and Bylaws, as amended and restated, to provide for the annual election of directors and related amendments to permit shareholders to remove directors without cause (Proposal 2);
and

FOR ratifying the appointment of KPMG LLP as our independent registered public accounting firm (Proposal 3).

If you are a shareholder whose shares are registered in your name, you may vote your shares by using one of the following four methods:

Via the Internet. If you hold NBT common stock in your own name and not through a broker or other nominee, you can vote your shares of NBT common stock electronically via the Internet at www.proxyvote.com. Internet voting is available 24 hours a day until 11:59 p.m. local time on May 4, 2015. Internet voting procedures are designed to authenticate shareholders by using the individual control numbers on your proxy card. If you vote via the Internet, you do not need to return your proxy card.

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

Telephone. If you hold NBT common stock in your own name and not through a broker or other nominee, you can vote your shares of NBT common stock by telephone by dialing the toll-free telephone number 1-800-690-6903. Telephone voting is available 24 hours a day until 11:59 p.m. local time on May 4, 2015. Telephone voting procedures are designed to authenticate shareholders by using the individual control numbers on your proxy card. If you vote by

telephone, you do not need to return your proxy card.

In person. If you attend the annual meeting in person, you may vote your shares by completing a ballot at the meeting. Attendance at the annual meeting will not by itself be sufficient to vote your shares; you still must complete and submit a ballot at the annual meeting.

If your shares are registered in the name of a bank or brokerage firm you will receive instructions from your holder of record that must be followed in order for the record holder to vote the shares per your instructions. Many banks and brokerage firms have a process for their beneficial holders to provide instructions over the telephone or via the Internet. If you hold shares through a bank or brokerage firm and wish to be able to vote in person at the meeting, you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspector of elections with your ballot.

Changing Your Vote

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

Delivering a written notice of revocation to the Corporate Secretary of NBT bearing a later date than the proxy;

Submitting a later-dated proxy by mail, telephone or via the Internet; or

Appearing in person and submitting a later-dated proxy or voting at the annual meeting.

Attendance at the annual meeting will not by itself constitute a revocation of a proxy; to revoke your proxy, you must complete and submit a ballot at the annual meeting or submit a later-dated proxy.

You should send any written notice of revocation or subsequent proxy to NBT Bancorp Inc., 52 South Broad Street, Norwich, New York 13815, Attention: F. Sheldon Prentice, Esq., Executive Vice President, General Counsel and Corporate Secretary, or hand deliver the notice of revocation or subsequent proxy to the Corporate Secretary at or before the taking of the vote at the annual meeting. You may also revoke your proxy by telephone or via the Internet by giving a new proxy over the telephone or the Internet prior to 11:59 p.m. on May 4, 2015.

If you hold shares through a bank or brokerage firm, you must contact that firm to revoke any prior voting instructions. You may also vote in person at the annual meeting if you obtain a legal proxy as described above.

Solicitation of Proxies and Costs

We will bear our own costs of soliciting of proxies. We have engaged D.F. King & Co., Inc. as the proxy solicitor for the 2015 annual meeting for an approximate fee of \$7,500, plus reasonable out-of-pocket expenses. We will reimburse brokerage houses, fiduciaries, nominees and others for their out-of-pocket expenses in forwarding proxy materials to owners of shares of our common stock held in their names. In addition to the solicitation of proxies by use of the mail, we may solicit proxies from our shareholders by directors, officers and employees acting on our behalf in person or by telephone, facsimile or other appropriate means of communications. We will not pay any additional compensation, except for reimbursement of reasonable out-of-pocket expenses, to our directors, officers and employees in connection with the solicitation. You may direct any questions or requests for assistance regarding this proxy statement to F. Sheldon Prentice, Corporate Secretary, by telephone at (607) 337-6530 or by email at sprentice@nbtbci.com.

Annual Report

A copy of our 2014 Annual Report accompanies this Proxy Statement. NBT is required to file an annual report on Form 10-K for its 2014 fiscal year with the Securities and Exchange Commission. Shareholders may obtain, free of charge, a copy of the Form 10-K by writing to: NBT Bancorp Inc., 52 South Broad Street, Norwich, New York 13815, Attention: Chief Financial Officer, Michael J. Chewens. Our annual report on Form 10-K is available on our website, www.nbtbancorp.com.

REGARDLESS OF THE NUMBER OF SHARES YOU OWN, YOUR VOTE IS IMPORTANT TO US. PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ACCOMPANYING PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE OR VOTE BY TELEPHONE OR VIA THE INTERNET USING THE TELEPHONE NUMBER OR THE INTERNET ADDRESS ON YOUR PROXY CARD.

PROPOSAL 1 ELECTION OF DIRECTORS

At the annual meeting, three directors will each be elected to serve a one-year term, unless Proposal 2 is not approved, in which case the term will be three years until such director's successor is elected and qualified or until the director's earlier death, resignation or removal. The Board currently consists of thirteen members and is divided into three classes. Messrs. Solomon and Chojnowski will retire at the 2015 annual meeting, and the Board will consist of eleven members thereafter. Currently, the term of only one class of directors expires in each year and their successors are elected for terms of up to three years and serve until their successors are elected and qualified. As discussed in Proposal 2, the Board has approved and recommended that the shareholders approve amendments to the Certificate of Incorporation and the Bylaws, as amended and restated, that will have the effect of eliminating the classification of the Board. If approved by the shareholders, the amendments provide that declassification would be implemented beginning with the directors being elected at this annual meeting. Following the annual meeting, as the other directors' terms expire, they would then, if re-nominated and elected, be elected for one-year terms. Because we do not know, at the time of printing this proxy statement, whether the proposed amendments described in Proposal 2 will be approved, you are being asked to elect all three nominees to one-year terms, which terms shall be for three years if Proposal 2 is not approved.

Messrs. Dietrich, Mitchell and Murphy, whose terms will expire at the 2015 annual meeting, have been nominated to stand for re-election at the 2015 annual meeting for terms expiring in 2016, unless the amendments described in Proposal 2 are not approved, in which case their terms would expire in 2018.

The persons named in the enclosed proxy intend to vote the shares of our common stock represented by each proxy properly executed and returned to us FOR the election of the aforementioned nominees as directors, but if the nominees should be unable to serve, they will vote such proxies for those substitute nominees as our Board shall designate to replace those nominees who are unable to serve. Our Board currently believes that each nominee will stand for election and will serve if elected as a director. Assuming the presence of a quorum at the annual meeting, the three director nominees will be elected by a plurality of the votes cast by the shares of common stock entitled to vote at the annual meeting and present in person or represented by proxy. This means that the three nominees who receive the most votes will be elected. There are no cumulative voting rights in the election of directors.

Information as to Nominees and Other Directors

Information regarding the nominees and the directors continuing in office is provided below. Each biography contains information regarding each person's business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experience, qualifications, attributes or skills that caused the Nominating and Corporate Governance Committee and the Board of Directors to determine that such person should serve as a director at the time of filing of this proxy statement. Unless otherwise stated, each individual has held his or her current occupation for the last five years. The age indicated in each director's biography is as of December 31, 2014. There are no family relationships among the directors or executives.

Board Directors Retiring in 2015

Richard Chojnowski, 72, is a retired self-employed electrical contractor. Mr. Chojnowski was a director of Pennstar Bank from 1994 until it was rebranded in 2014 to NBT Bank at which point he became a director of NBT Bank, N.A. ("NBT Bank" or the "Bank"). Mr. Chojnowski has been a director of NBT since 2000. Mr. Chojnowski's experience as a small business owner in NBT's market area provides the Board with insight into the needs of NBT's customers. Further, the skills developed in his business, including finance and management expertise, as well as his past service on the Audit and Risk Management Committee, provides the Board with executive management and corporate finance experience.

Paul M. Solomon, 71, is Managing Partner of a venture capital firm, PJ Equities, LLP. In July 2005, Mr. Solomon co-founded US Beverage Net and currently serves as Chairman of its Board of Directors. He serves as vice chairman and treasurer and as a member of the board of trustees for Millbrook School. From 2001 until the merger with NBT, Mr. Solomon served on the Board of Directors for Alliance Financial Corporation and its subsidiary Alliance Bank. Mr. Solomon received a degree from Syracuse University and is a graduate of Millbrook School.

Board Nominees with Terms Ending in 2015

Martin A. Dietrich, 59, has served as the President and Chief Executive Officer of the Company and NBT Bank since January 2004. Prior to that, Mr. Dietrich was President and Chief Operating Officer of NBT Bank from September 1999 to December 2003. He is currently a director of Preferred Mutual Insurance Company and New York Bankers Association. Mr. Dietrich has been a director of the Bank since 1993, and NBT since 2005. Mr. Dietrich's day to day leadership as President and Chief Executive Officer of NBT and the Bank provides him with thorough knowledge of the Company's opportunities, challenges and operations.

John C. Mitchell, 64, was formerly President and Chief Executive Officer of I.L. Richer Co., an agricultural business, from 1979 to 2008. He is currently a director of Preferred Mutual Insurance Company, Delaware Otsego Corporation and has been a director of the Bank and NBT since 1993 and 1994, respectively. Mr. Mitchell's over twenty years of service on NBT's Board provides him with a seasoned view of NBT's operations and challenges. He has a strong corporate governance background due to his service on other corporate boards, the Nominating and Corporate Governance Committee and his role as Chairman of the Compensation and Benefits Committee.

Michael M. Murphy, 53, is President and owner of Red Line Towing Inc., a towing and recovery service provider in northeastern Pennsylvania. Mr. Murphy also serves as President of Red Line Leasing Corp., President of Red Line Truck and Trailer Sales and is a Partner in Elite Warehouse LLC. Mr. Murphy was a director of Pennstar Bank from 1999 until it was rebranded in 2014 to NBT Bank at which point he became a director of NBT Bank, N.A. ("NBT Bank" or the "Bank"). Mr. Murphy has been a director of NBT since 2002. Mr. Murphy's service on both the Audit and Risk Management and Compensation and Benefits Committees provides the Board with strong risk management and executive compensation experience. In addition, his experience as the President of a business in NBT's market area provides the Board with insight into the challenges and opportunities of NBT's business customers.

The Board of Directors unanimously recommends that shareholders vote "FOR" the election of all of its director nominees.

Directors with Terms Ending in 2016

Daryl R. Forsythe, 71, was the Chairman and Chief Executive Officer of NBT from January 2004 until his retirement in December 2005. Mr. Forsythe is currently the Chairman of the NBT Board and has held that position since January 2004. From April 2001 to December 2003 he was Chairman, President and Chief Executive Officer of NBT and was Chairman and Chief Executive Officer of NBT Bank from September 1999 to December 2003. He was President and Chief Executive Officer of NBT and the Bank from January 1995 to April 2001 and September 1999, respectively. He is currently a director of Security Mutual Life Ins. Co. of New York, New York Central Mutual Fire Insurance Co., and New York Business Development Corp. He has been a director of the Bank and NBT since 1988 and 1992, respectively. Mr. Forsythe's experience as the former Chief Executive Officer of NBT and the Bank provides the Board with unique insight into NBT's challenges, opportunities and operations. His service on additional corporate boards also provides substantial corporate governance experience.

Patricia T. Civil, 65, served as the Managing Partner of PricewaterhouseCoopers LLP in Syracuse, NY from 1992 until her retirement in 2002. Ms. Civil is currently a director of SRC Inc. and has been a director of NBT and the Bank since 2003. Ms. Civil served as director for Anaran Inc. from December 2007 until its sale to a private equity firm in February 2014. As a Certified Public Accountant specializing in banking and financial services, Ms. Civil provides the Board with extensive experience in corporate finance and accounting and serves as the Chair of the Audit and Risk Management Committee. In addition to her accounting background, Ms. Civil's service as the Managing Partner of the Syracuse, NY office of her accounting firm brings strong executive experience to the Board, and her recent service on the board of another public company provides the Board with additional corporate governance expertise.

Robert A. Wadsworth, 65, was the Chief Executive Officer of Preferred Mutual Insurance Company from 1997 until his retirement in 2008. Mr. Wadsworth is currently the Chairman, corporate secretary and a director of the board of Preferred Mutual Insurance Company. He is also a director of Preferred Services Corp., Preferred of New York Inc., and has been a director of the Bank and NBT since 2001 and 2006, respectively. Mr. Wadsworth's service as the Chief Executive Officer of a corporation based in one of NBT's communities brings to the Board strong executive experience and an understanding of the business and consumer needs of a community that NBT serves. His service on the boards of several insurance and financial services corporations provides the Board with additional insight into the financial services industry.

Jack H. Webb, 62, was the Chairman and Chief Executive Officer of Alliance Financial Corporation from January 2002 until March 8, 2013 when the company merged with NBT at which time Mr. Webb became Executive Vice President of Strategic Support for NBT. On March 25, 2013 Mr. Webb also became a director of NBT and the Bank. Prior to the merger, he was also the President and Chief Executive Officer of Alliance Bank. He joined Alliance in May 2000 after a 26-year career with Chase Manhattan Bank. He also served as a Director of Alliance Leasing, Inc. He is president of the board of trustees of The Gifford Foundation and serves on the advisory board of CNY Lifetime Healthcare. Mr. Webb graduated from the Rochester Business Institute. His day to day leadership of Alliance Financial Corporation and Alliance Bank provides him with thorough knowledge of the financial services industry as well as NBT's Syracuse market.

Board Directors with Terms Ending in 2017

Timothy E. Delaney, 52, is Founder and former President of The Delaney Group, Inc. and is a former Executive Vice President of its successor company, Tetra Tech Construction, Inc. and President of Tetra Tech Canada Construction. Together, these companies make up the North American Renewable Construction division of Tetra Tech, Inc. (NASDAQ: TTEK), a public company, and they are principally engaged in energy related heavy civil engineering and construction since 1982. Mr. Delaney has been a director of NBT since January 24, 2011 and has been a director of NBT Bank since 2006. Mr. Delaney's experience as a business owner in NBT's market area and experience as an NBT Bank director provides the Board with insight into the needs of NBT's customers, executive management and insight into NBT's challenges, opportunities and operations.

James H. Douglas, 63, is the former Governor of Vermont, a position he held for four, two-year terms, starting in 2002 and ending in 2010. Mr. Douglas has been a director of the Bank and NBT since January 24, 2011. Mr. Douglas served the people of Vermont for more than 35 years, having been elected to the Vermont House of Representatives after graduating from Middlebury College in 1972. Mr. Douglas was elected Secretary of State in 1980, a position he held until 1992. He was then elected as State Treasurer in 1994, a position he held until his election as Governor. Outside of government, Mr. Douglas is an executive in residence at Middlebury College and has been active in numerous community organizations. In addition, he is a director for National Life Group as well as a director for Union Mutual of Vermont. Mr. Douglas' experience in state politics provides the Board with insight into one of NBT's newer market areas. Mr. Douglas also brings executive management and governance experience from his previous positions to the Board. Further, the skills he developed as State Treasurer provide the Board with additional finance experience.

Joseph A. Santangelo, 62, is President and Chief Executive Officer of Arkell Hall Foundation Inc. Mr. Santangelo has been a director of the Bank and NBT since 1991 and 2000, respectively. Mr. Santangelo's service on the Nominating and Corporate Governance Committee and past experience on the Compensation and Benefits Committee provides the Board with strong corporate governance and executive compensation experience. In addition, his eleven plus years of service on the Board along with his considerable experience in operating one of the largest private foundations in the upstate NY region provides him with a seasoned view of NBT's operations and the challenges facing NBT.

Lowell A. Seifter, Esq., 62, is Senior Vice President and General Counsel of St. Joseph's Hospital Health Center in Syracuse, New York. He was a founding member of Green & Seifter Attorneys, PLLC, now known as Bousquet Holstein Attorneys, PLLC, where he practiced law from 1977-2011. From 2002 until 2006, Mr. Seifter was a member of the board of directors of Bridge Street Financial, Inc. and its banking subsidiary, Oswego County National Bank. From 2006 until the merger with NBT, Mr. Seifter served on the Board of Directors of Alliance Financial Corporation and its subsidiary Alliance Bank where he was Chairman of the Compensation Committee and member of the Governance, Business Development and Risk Committees. Mr. Seifter received a B.S. degree from Syracuse University, a J.D. degree from Syracuse University College of Law and is a non-practicing certified public accountant.

NBT BANCORP BOARD OF DIRECTORS

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information, as of February 27, 2015 with respect to the beneficial ownership of the Company's Common Stock by: (1) each director and nominee; (2) each executive officer named in the Summary Compensation Table; and (3) all executive officers and directors as a group. Except as otherwise indicated, each of the stockholders named below effectively exercises sole, or shared with spouse, voting and investment power with respect to the outstanding shares of Common Stock beneficially owned.

	Number of Shares Owned	Options Exercisable Within 60 Days (1)	Total Beneficial Ownership of NBT Bancorp Common Stock	Percent of Shares Outstanding
Directors, Nominees for Director and Named Executive Officers				
Richard Chojnowski	277,570	-	277,570	*
Patricia T. Civil	19,068	4,750	23,818	*
Timothy E. Delaney	51,102	1,667	52,769	*
James H. Douglas	4,280	-	4,280	*
Daryl R. Forsythe	116,353	-	116,353	*
John C. Mitchell (2)	35,283	-	35,283	*
Michael M. Murphy	34,068	900	34,968	*
Joseph A. Santangelo (3)	81,120	6,000	87,120	*
Lowell A. Seifter	37,992	-	37,992	*
Paul M. Solomon	65,053	-	65,053	*
Robert A. Wadsworth (4)	174,569	4,210	178,779	*
Jack H. Webb	108,693	-	108,693	*
Martin A. Dietrich	214,708	182,111	396,819	*
Michael J. Chewens	59,306	38,000	97,306	*
David E. Raven	58,151	72,000	130,151	*
Jeffrey M. Levy	47,884	52,500	100,384	*
Timothy L. Brenner	28,232	-	28,232	*

As of February 27, 2015, all directors and executive officers listed above as a group (17 persons) beneficially owned 1,775,573 , or 4.04%, of total shares outstanding, including shares owned by spouses, certain relatives and trusts, as to which beneficial ownership may be disclaimed, and options exercisable within 60 days of February 27, 2015.

(*)Less than one percent.

Shares under option from the NBT 2001 Non-Employee Director, Divisional Director and Subsidiary Director (1) Stock Option Plan, NBT 1993 Stock Option Plan and/or the 2008 Omnibus Incentive Plan, which are exercisable within 60 days of February 27, 2015.

Includes 1,800 shares held by a trust for which Mr. Mitchell has investment discretion, but not voting discretion.
(2) Does not include 2,000 shares owned by The Adelbert L. Button Charitable Foundation, for which Mr. Mitchell serves as a trustee, but for which all investment and disposition discretion over the shares has been granted to NBT Bank, N.A., as trustee.

(3)

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Includes 65,813 shares held by Arkell Hall Foundation Inc. of which Mr. Santangelo is President and CEO and shares investment and voting powers with that foundation's Board of Trustees.

(4) Includes 164,041 shares held by Preferred Mutual Insurance Company of which Mr. Wadsworth is Chairman of the Board.

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BENEFICIAL OWNERSHIP OF PRINCIPAL HOLDERS OF VOTING SECURITIES OF NBT

The following table sets forth information as of February 27, 2015, except as indicated below, with respect to the beneficial ownership of common stock by any person or group as defined in Section 13(d)(3) of the Exchange Act who is known to the Company to be the beneficial owner of more than five percent of the common stock. As of February 27, 2015, the Company had 43,980,796 outstanding shares of common stock.

Name and Addresses of Beneficial Owners	Number of Shares; Nature of Beneficial Ownership	Percent of Common Stock Owned
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	3,892,568 (2)	8.85 %
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	2,873,203 (3)	6.53 %

Based on information in the most recent Schedule 13D or 13G filed with the Securities and Exchange Commission pursuant to the Exchange Act with respect to holdings of the Company's common stock as of December 31, 2014.

In accordance with Rule 13d-3 under the Exchange Act, a person is deemed to be the beneficial owner, for (1) purposes of this table, of any shares of Company common stock if such person has or shares voting power and/or investment power with respect to the security, or has the right to acquire beneficial ownership at any time within 60 days from February 27, 2015. As used herein, "voting power" includes the power to vote or direct the voting of shares and "investment power" includes the power to dispose or direct the disposition of shares.

(2) BlackRock, Inc. reported that it has sole dispositive and sole voting power over 3,892,568 shares of Company common stock as of December 31, 2014, or 8.9% of Company shares outstanding as of such date.

The Vanguard Group, Inc. reported that it has sole dispositive and voting power over 2,819,331 shares and shared (3) dispositive and voting power over 53,872 shares of NBT common stock as of December 31, 2014, or an aggregate of 6.57% of Company shares outstanding as of such date.

CORPORATE GOVERNANCE

The business and affairs of the Company are managed under the direction of the Board of Directors. Members of the Board are kept informed of the Company's business through discussions with the Company's executive officers, by reviewing materials provided to them and by participating in meetings and strategic planning sessions of the Board and its committees. The Board has adopted corporate governance practices and policies which the Board and senior management believe promote sound and effective corporate governance.

Director Independence

Based on a review of the responses of the directors to questions regarding employment and compensation history, affiliations and family and other relationships and on individual discussions with directors, the full Board has

determined that all directors, excluding Messrs. Dietrich and Webb, meet the standards of independence set forth by the NASDAQ Stock Market. In making this determination, the Board considered transactions and relationships between each director or his or her immediate family and the Company and its subsidiaries, including those reported under "Compensation Committee Interlocks and Insider Participation" and "Certain Relationships and Related Party Transactions" found on page 47. Mr. Dietrich is not independent because he is the President and Chief Executive Officer of the Company. Mr. Webb is not independent because he is Executive Vice President of Strategic Support for the Company.

The independent members of the Board meet at least twice annually in an executive session where non-independent directors and management are excused. Lead independent director John Mitchell, who serves as chairman of the Compensation and Benefits Committee, currently chairs these executive sessions.

Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics that applies to all employees, as well as each member of the Company's Board of Directors. The Code of Business Conduct and Ethics is available at the Company's website at www.nbtbancorp.com/bncp/corporategov.html.

Board Policy Regarding Communications with the Board

The Board of Directors maintains a process for shareholders to communicate with the Board of Directors. Shareholders wishing to communicate with the Board of Directors should send any communication to Corporate Secretary, NBT Bancorp Inc., 52 South Broad Street, Norwich, New York 13815. Any such communication must state the name of the shareholder and the number of shares beneficially owned by the shareholder making the communication. The Corporate Secretary will forward such communication to the full Board of Directors or to any individual director or directors to whom the communication is directed unless the communication is unduly hostile, threatening, illegal or similarly inappropriate. At each Board meeting, a member of management presents a summary of all communications received since the last meeting that were not forwarded and makes those communications available on request.

The Board's Role in Risk Oversight

The Board of Directors, together with the Audit and Risk Management Committee, the Nominating and Corporate Governance Committee, and the Compensation and Benefits Committee coordinate with each other to provide enterprise-wide oversight of our management and handling of risk. These committees report regularly to the full Board of Directors on risk-related matters and provide the Board of Directors with insight about our management of strategic, credit, interest rate, liquidity, compliance, operational and reputational risks. In addition, at meetings of the Board of Directors and its committees, directors receive regular updates and reports from management regarding risk management practices, including credit quality, financial reporting, technology, internal controls, compliance, legal matters, and asset liability and liquidity management, among others. Furthermore, current risk management issues are discussed regularly with the Board of Directors and its committees.

Board Leadership Structure

The Board of Directors does not have a policy on whether the same person may serve as both the chief executive officer and chairman of the board or, if the roles are separate, whether the chairman should be selected from the non-employee directors. The Board believes that it should have the flexibility to make these determinations at any given point in time in the way that it believes best to provide appropriate leadership for the Company at that time. Currently, Mr. Dietrich serves as the Chief Executive Officer of the Company, while Mr. Forsythe, who is independent, serves as the Chairman of the Board of Directors. The Board of Directors believes that this leadership structure best serves the Company at this time because it allows Mr. Dietrich to focus on the Company's operations and strategy, while Mr. Forsythe, among other things, can provide independent leadership for the Board of Directors, set the agenda for meetings, and enable other directors to raise issues and concerns for Board consideration without immediately involving the Chief Executive Officer or other management. The Board of Directors believes it currently benefits from having an independent director, who is also a former executive officer of the Company, as its Chairman.

Director Attendance at Board Meetings and Annual Meetings

During 2014, the Board held four meetings. Each incumbent director attended at least 75% of the aggregate of: (i) the total number of meetings of the Board held during the period that the individual served; and (ii) the total number of meetings held by all committees of the Board on which the director served during the period that the individual served. In addition, directors are expected to attend our annual meeting of shareholders. All directors were in attendance at the 2014 annual meeting, and we expect that all directors will be present at the 2015 annual meeting.

Committees of the Board of Directors

Our Board has a number of standing committees, including a Nominating and Corporate Governance Committee, Audit and Risk Management Committee and Compensation and Benefits Committee. The Board has determined that all of the directors who serve on these committees are independent for purposes of NASDAQ Rule 5605 and that the members of the Audit and Risk Management Committee are also "independent" for purposes of Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act"). A table showing the members of each of these committees follows:

Director	Nominating and Corporate Governance	Audit and Risk Management	Compensation and Benefits
Richard Chojnowski	P		
Patricia T. Civil		Chair	P
Timothy E. Delaney		P	P
James H. Douglas	Chair		
John C. Mitchell	P		Chair
Michael M. Murphy		P	P
Joseph A. Santangelo	P		
Lowell A. Seifter	P	P	P
Paul M. Solomon			P
Robert A. Wadsworth	P	P	

A description of each of these committees follows:

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for determining the qualification of and nominating persons for election to the Board of Directors, including (if applicable) shareholder nominations that comply with the notice procedures set forth by SEC rules and the Company's Bylaws. The Committee also formulates our corporate governance guidelines and functions to insure successful development of management at the senior level and succession planning, as applicable. The Board of Directors has adopted a written charter for the Nominating and Corporate Governance Committee, a copy of which is available on the NBT Bancorp website at www.nbtbancorp.com/bncp/corporategov.html. This Committee met two times during 2014.

During the past two years, the Nominating and Corporate Governance Committee engaged in a process to evaluate our corporate governance processes against current trends. To further this endeavor, Mr. Forsythe resigned as chair and member of the Nominating and Governance Committee to allow for the membership to consist solely of directors that have never been executives of the Company. In addition, other changes and recommendations were made to align our corporate governance process with current trends including the recommendation to have our board elected annually (see Proposal 2), prohibiting the pledging of Company shares and determining not to adopt a new poison pill following the expiration of the Company's former poison pill in October 2014.

The Board of Directors believes that it should be comprised of directors who possess the highest personal and professional ethics, integrity, and values, and who shall have demonstrated exceptional ability and judgment and who shall be most effective in representing the long-term interests of the shareholders. While the Board of Directors and

Nominating and Corporate Governance Committee have no formal policy on board diversity, diversity is considered by the Nominating and Corporate Governance Committee in determining the qualification of and nominating persons for election to the Board of Directors.

When considering candidates for the Board of Directors, the Nominating and Corporate Governance Committee takes into account the candidate's qualifications, experience and independence from management. In addition, in accordance with the Company's Bylaws:

Every director must be a citizen of the United States;

Each director must own \$1,000 aggregate book value of the Company's common stock; and

No person shall serve as a director beyond the Company's annual meeting following the date upon which he or she shall have attained the age of 72 years.

When seeking candidates for director, the Nominating and Corporate Governance Committee may solicit suggestions from incumbent directors, management or others. The Committee also has the authority to retain any search firm to assist in the identification of director candidates. The Committee will review the qualifications and experience of each candidate. If the Committee believes a candidate would be a valuable addition to the Board, it will recommend to the full Board that candidate's election.

The Company's Bylaws also permit shareholders eligible to vote at the annual meeting to nominate director candidates, but only if such nominations are made pursuant to timely notice in writing to the President of NBT. To be timely, notice must be delivered to, or mailed to and received at, the principal executive offices of NBT within 10 days following the day on which public disclosure of the date of any annual meeting called for the election of directors is first given. The Nominating and Corporate Governance Committee will consider candidates for director suggested by shareholders applying the criteria for candidates described above and considering the additional information required by Article III, Section 4 of the Company's Bylaws, which must be set forth in a shareholder's notice of nomination. Article III, Section 4 of the Company's Bylaws requires that the notice include: (a) as to each person whom the shareholder proposes to nominate for election as a director, (i) the name and address of such person and (ii) the principal occupation or employment of such person; and (b) as to the shareholder giving notice (i) the name and address of such shareholder, (ii) the number of shares of the Company that will be voted for the proposed nominee by such shareholder (including shares to be voted by proxy) and (iii) the number of shares of the Company which are beneficially owned by such shareholder.

Audit and Risk Management Committee

The Audit and Risk Management Committee represents our Board in fulfilling its statutory and fiduciary responsibilities for independent audits of NBT's consolidated financial statements, including monitoring accounting and financial reporting practices and financial information distributed to shareholders and the general public. The Audit and Risk Management Committee is also responsible for overseeing the Company's compliance with legal and regulatory requirements and the performance of the Company's Risk Management Division. Directors on our Audit and Risk Management Committee meet the expanded independence requirements of audit committee members. In addition, our Board of Directors has determined that Ms. Civil and Mr. Seifter are "audit committee financial experts" as that term is defined in Item 407(d)(5) of Regulation S-K.

This Committee met five times in 2014. Responsibilities and duties of this Committee are discussed more fully in the Audit and Risk Management Committee Report on page 48 and in the Audit and Risk Management Committee's charter, which is available on the Company's website at www.nbtbancorp.com/bncp/corporategov.html.

Compensation and Benefits Committee

All of the Company's Compensation and Benefits Committee members are independent directors, as determined by the Board, and as such term is defined in the NASDAQ Marketplace Rules as they apply to the Company.

The Committee is responsible for the development, oversight and administration of the Company's compensation program. The Committee works closely with the Company's CEO and Executive Vice President of Human Resources to implement our compensation program. In addition, the Committee typically engages in executive sessions without Company management present.

The Committee regularly reviews our compensation practices and policies and recommends to the Board of Directors the compensation and benefits for the CEO, directors and executive management team, including the named executive officers. In making compensation recommendations to the Board of Directors for the named executive officers, the

Committee relies substantially on the recommendations of the CEO and, in the case of the CEO's compensation, upon the recommendation of the Chairman of the Board. The Committee generally determines the compensation for the named executive officers at its December meeting preceding the commencement of the fiscal year in which the compensation will be paid or earned, or in its January meeting of such fiscal year.

The Committee implemented several changes at the end of 2014 and the beginning of 2015 to bring our compensation and benefits program for executives more aligned with current trends. Those changes are outlined in the Compensation Discussion and Analysis on pages 19- 20 and further discussed in detail within the Compensation Discussion and Analysis. The Committee has engaged Pearl Meyer & Partners, LLC ("PM&P"), an international human resources consulting firm, to conduct an annual review of the Company's executive compensation program. PM&P is charged with comparing all elements of the Company's executive compensation program to external, objective benchmarks in order to assess the competitiveness of the Company's total compensation.

Two competitive markets are compared—the broader banking industry and peer group data. In addition to a competitive analysis, PM&P performs a pay for performance alignment analysis based on several relevant macro-financial metrics. These measures provide information regarding compensation paid by our competitors and the broader banking industry taking into consideration size, asset growth, earnings growth and stewardship of capital. PM&P provides the Committee with relevant market data and alternatives to consider in its executive compensation decision-making. The Committee reviews information provided by PM&P to determine the appropriate level and mix of short and long-term incentive compensation and cash and equity-based compensation.

The CEO's compensation reflects the Committee's evaluation of his performance measured against the following criteria: (i) implementation of the Company's short and long-term strategies; (ii) financial and operating performance; (iii) management development; (iv) customer service; and (v) leadership in positioning the Company to meet the significant operational and regulatory challenges of the evolving financial services industry. The Committee may use its discretion to deviate from or modify compensation policies and recommendations, but does so rarely, and typically, only in unusual circumstances.

The Committee also administers the Company's pension plan, 401(k) & ESOP plan, the directors' and officers' stock plans as well as the 2008 Omnibus Incentive Plan (the "Omnibus Plan"). Pursuant to the terms of the Company's Omnibus Plan, the Committee may delegate its authority to grant awards to nonexecutive officers under such plan to a member of the Board and the Committee has granted such authority, within certain defined limits, to Mr. Dietrich. A charter that reflects these responsibilities and delegated authority, which the Committee and the Board periodically review and revise, governs the Committee. A copy of the charter is available on the Company's website at www.nbtbancorp.com/bncp/corporategov.html. The Committee met three times in 2014.

Policy on Recovery of Awards

Incentive Compensation Clawback Policy

In the event of a restatement of incorrect financial results, the Company's Compensation and Benefits Committee (the "Committee") will review all cash and equity incentive awards made under the Company's 2008 Omnibus Incentive Plan (the "Omnibus Plan") that were paid or awarded to executive officers (within the meaning of Rule 3b-7 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) for performance periods beginning on and after January 1, 2012, which occur during the restatement period. If any such awards would have been lower had the level of achievement of applicable financial performance goals been calculated based on such restated financial results, the Committee will, if it determines appropriate in its sole discretion, to the extent permitted by governing law, require the reimbursement of the incremental portion of the awards in excess of the awards that would have been paid based on the restated financial results.

Furthermore, if the Company is required to prepare an accounting restatement due to the material noncompliance of the Company as a result of misconduct with regard to any financial reporting requirement under applicable securities laws, the individuals subject to the automatic forfeiture provisions under Section 304 of the Sarbanes-Oxley Act of 2002 and any other employee who knowingly engaged in the misconduct, was grossly negligent in engaging in the misconduct, knowingly failed to prevent the misconduct or was grossly negligent in failing to prevent the misconduct, shall reimburse the Company the amount of any payment in settlement of an award earned or accrued during the 12-month period following the first public issuance or filing with the SEC (whichever first occurred) of the financial document that contained such material noncompliance. Prior to January 1, 2012, contracts for the Company's Chief Executive Officer, its Chief Financial Officer, and the other individuals included in the Summary Compensation Table on page 32 included similar clawback clauses, as described under "Agreements with Executive Officers" beginning on page 45.

Equity Compensation Clawback Policy

The Committee may specify in an award that a grantee's rights, payments, and benefits with respect to the award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of the award. Such events may include, but shall not be limited to, termination of employment for cause, termination of the grantee's provision of services to the Company, violation of material Company policies, breach of noncompetition, confidentiality, or other restrictive covenants that may apply to the grantee, or other conduct by the grantee that is detrimental to the business or reputation of the Company. These provisions will generally be limited to a three year look-back from the occurrence of the event that gives rise to the forfeiture.

Director Compensation

Set forth below is the fee schedule for non-executive directors as of December 31, 2014:

	Cash	Restricted Stock Units
Annual Retainer Fees Company:		
Chair	\$50,000	\$ 54,000
Director	\$12,500	\$ 13,000
NBT Bank, N.A.:		
Chair	—	\$ 11,000
Director	\$12,500	\$ 8,000
Committee Chair:		
Audit and Risk Management	\$10,000	—
All Other Committees	\$5,000	—
Affiliate Board Member	\$1,000	—
Fee per Board Meeting	\$1,000	—
Fee per Committee Meeting	\$800	—

The restricted stock unit awards in 2014 were issued pursuant to the Omnibus Plan. The restricted stock units awarded to the non-employee directors vest one-third annually beginning on the first anniversary of the grant date.

Mr. Forsythe serves as the Company's Chairman under an agreement that was entered into in 2003, when he was also serving as the Company's President and CEO. Pursuant to this agreement, which commenced January 1, 2006 and continues for as long as Mr. Forsythe is a member of the Board of Directors, he will serve as Chairman of the Company. In addition to the fees set forth above, pursuant to his agreement, Mr. Forsythe is also entitled to be reimbursed for dues and assessments (including initiation fees) incurred in relation to his country club membership. Mr. Forsythe has also agreed that for one year after the termination of his agreement, he will not directly or indirectly compete with the Company or NBT Bank. Under the agreement, during the term of his tenure and for the one year non-compete agreement with the Company, Mr. Forsythe may not disclose confidential information about the Company or its subsidiaries to any other person or entity.

Director Compensation Table

Name	Fees Earned or Paid in Cash (\$)(1)	Restricted Stock Awards (\$)(1)(2) (3)	Stock Option Awards (\$)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(4)	All Other Compensation (\$)(5)	Total (\$)
Daryl R. Forsythe	81,000	60,422	-	-	12,459	153,881
Richard Chojnowski	42,200	19,532	-	-	4,675	66,407
Patricia T. Civil	59,200	19,532	12,198	986	2,111	94,027
Timothy E. Delaney	46,600	19,532	-	5,236	560	71,928
James H. Douglas	45,400	19,532	-	-	-	64,932
John C. Mitchell	50,200	19,532	-	-	4,972	74,704
Michael M. Murphy	49,200	19,532	-	-	4,972	73,704
Joseph A. Santangelo	49,400	19,532	-	947	2,251	72,130
Lowell A. Seifter	43,600	19,532	-	-	12,763	75,895
Paul M. Solomon	41,200	19,532	-	-	20,461	81,193
Robert A. Wadsworth	47,600	19,532	-	17,524	1,079	85,735

(1) Includes all fees earned during the fiscal year whether such fees were paid currently or deferred.

The amounts reflect the aggregate grant date fair value of awards computed in accordance with FASB ASC Topic 718. The director restricted stock unit awards granted for fiscal year ending December 31, 2014, were issued as of (2) May 1, 2014, and the per share fair market value was \$20.98. Assumptions used in the calculation of these amounts are materially consistent with those that are included in footnote 14 to the Company's audited consolidated financial statements contained in its Annual Report on Form 10-K.

(3) The aggregate number of outstanding awards as of December 31, 2014, is as follows (no non-employee director held unexercisable options as of such date):

Name	Unvested Stock Units	Options Exercisable
Daryl R. Forsythe	6,139	-
Richard Chojnowski	1,985	-
Patricia T. Civil	1,985	4,750
Timothy E. Delaney	1,985	1,667
James H. Douglas	1,985	-
John C. Mitchell	1,985	-

Michael M. Murphy	1,985	900
Joseph A. Santangelo	1,985	6,000
Lowell A. Seifter	1,754	-
Paul M. Solomon	1,754	-
Robert A. Wadsworth	1,985	4,210

(4) Figures in the change in pension value and nonqualified deferred compensation earnings represent earnings for the fiscal year ending December 31, 2014, on deferred directors' fees under a nonqualified deferred compensation plan.

(5) All other compensation includes: cash dividends received on restricted stock and deferred stock granted pursuant to the Non-Employee Directors' Restricted and Deferred Stock Plan and the Omnibus Plan for all non-employee directors totaling \$12,687; health and/or dental/vision insurance offered through the Company for seven active Directors, the Company's associated premium costs totaled \$15,587; and \$4,806 for the value of split dollar life insurance premiums paid during the 2014 fiscal year on behalf of Mr. Forsythe. Messrs. Seifter and Solomon's compensation includes dividends paid through the Alliance Financial Corp. Deferred Compensation Plan.

Named Executive Officers of NBT Bancorp Inc.

The following table sets forth certain information for the Named Executive Officers (“NEO’s”) of NBT Bancorp Inc.

Name	Age at December 31, 2014	Positions Held with NBT and NBT Bank
Martin A. Dietrich	59	President and Chief Executive Officer
Michael J. Chewens	53	Senior Executive Vice President and Chief Financial Officer
David E. Raven	52	Executive Vice President, President of Retail Banking and President of Pennsylvania
Jeffrey M. Levy	53	Executive Vice President and President of Commercial Banking
Timothy L. Brenner	58	Executive Vice President and President of Wealth Management

Biographical information regarding the Named Executive Officers is set forth below. Information regarding Mr. Dietrich can be found under the section Board Nominees with Terms Ending in 2015 found on page 5.

Michael J. Chewens has been Senior Executive Vice President and Chief Financial Officer of NBT and NBT Bank since January 2002. He was Executive Vice President and Chief Financial Officer of same from 1999 to 2001. He was also Corporate Secretary of NBT and NBT Bank from December 2000 to April 2010.

David E. Raven has been Executive Vice President for NBT and President of Retail Banking for NBT Bank since July 2006. He was President of Pennstar Bank, a Division of NBT Bank from 2005, until the rebranding of Pennstar Bank to NBT Bank in March 2014, at which point this portion of Mr. Raven’s title was updated to President of Pennsylvania. Prior to that, Mr. Raven was President and Chief Operating Officer of the Pennstar Bank Division from August 2000 to 2005 and Senior Vice President of Sales and Administration from September 1999 through August 2000.

Jeffrey M. Levy has been Executive Vice President for NBT and President of Commercial Banking for NBT Bank since December 2006. He joined NBT in August 2005 as Capital Region President. Prior to joining NBT, Mr. Levy was Manager of New York State Government Banking at M&T Bank from January 2004 to August 2005 and President of the Capital District, Commercial Banking at M&T Bank from January 2001 to December 2003.

Timothy L. Brenner has been Executive Vice President for NBT and President of Wealth Management for NBT Bank since March 2012. Prior to that, Mr. Brenner was Senior Vice President, M&T Investment Group. In this role he managed the multi-state Institutional Services (Employee Benefits, Institutional Investment Management Custody, Corporate Trust, Investment Advisory Services, and Property & Casualty Insurance) division. He was also President of the MTB Funds and M&T Life Insurance Company. Previously, he was also Partner at Vivacqua and Company, an independent financial services and insurance agency.

Section 16(a) Beneficial Ownership Reporting Compliance

Our directors and executive officers must, under Section 16(a) of the Exchange Act, file certain reports of their initial ownership of our common stock and of changes in beneficial ownership of our securities. Based solely on a review of reports submitted to NBT, or written representations from reporting persons that all reportable transactions were reported, the Company believes that during the fiscal year ended December 31, 2014 all Section 16(a) filing

requirements applicable to NBT's officers and directors were complied with on a timely basis with the exception of transactions reported in filings made on behalf of Mr. Brenner on April 1, 2014 and Mr. Douglas on February 17, 2015.

COMPENSATION DISCUSSION AND ANALYSIS

This section discusses the Company's executive compensation philosophy, guidelines and programs, and the material factors affecting the Company's decisions regarding the compensation of its senior executives. The discussion and analysis is presented to give our shareholders a clear and comprehensive picture of the Company's executive compensation program, and its individual components. For a full understanding of the information presented, consider the following narrative discussion together with the information in the tables below including the narratives and footnotes that accompany the tables, as well as the Compensation and Benefits Committee Report included in this Proxy Statement. The NEOs for the fiscal year 2014 are:

- Martin A. Dietrich, President and Chief Executive Officer ("CEO")
- Michael J. Chewens, Senior Executive Vice President and Chief Financial Officer ("CFO")
- David E. Raven, Executive Vice President, President of Retail Banking and President of Pennsylvania
- Jeffrey M. Levy, Executive Vice President and President of Commercial Banking
- Timothy L. Brenner, Executive Vice President and President of Wealth Management

Executive Summary

Our successful financial and operational performance during 2014 resulted from our management team's focus on our immediate near term objectives and long term strategy. The executive compensation program in place is designed to support the team's efforts by rewarding them for making decisions that lead to consistent results and an outstanding investment for our shareholders.

2014 Business Highlights

Despite continued challenges in the financial services industry, we exceeded our financial plan in 2014 to include reaching our second highest level of core diluted earnings per share in the Company's 158 year history (\$1.71). In addition, core net income increased by 8.5% over 2013 while core return on average assets ("ROAA") increased by 2%. Return on average tangible common equity ("ROATCE") decreased slightly while maintaining a level that exceeds our peer group. When reviewing composite measures (Core ROAA, Core ROATCE, nonperforming assets ("NPA") to total assets, efficiency ratio, and net interest margin) we are above the 90th percentile for our peer banks and have exceeded the 75th percentile of the peer group (defined on page 22) for the last three years. Key financial highlights are shown below.

Performance Metric	2014	2013	2012
Core Net Income (\$ Millions)	\$75.8	\$69.9	\$54.8
Core Diluted EPS	\$1.71	\$1.65	\$1.63
Core ROAA	0.98 %	0.96 %	0.93 %
Core ROATCE	14.03 %	14.76 %	14.20 %
Net Interest Margin	3.61 %	3.66 %	3.86 %
NPA to Total Assets	0.64 %	0.74 %	0.73 %

Executive Compensation Program Changes and Events

We continue to be focused on improving the alignment of our compensation plans with our business objectives, performance, shareholder interests, and the practices of our peers. We also considered the 58.6% non-binding advisory basis approval vote of our shareholders at the annual meeting on May 6, 2014 in making the following refinements for 2015.

What Has Changed	How It's Changed	The Rationale for Change
Annual Short-Term Incentive Plan	<ul style="list-style-type: none"> · CEO target reduced from 90% to 80% · Added ROAA as a new measure for all NEOs plus an Individual Performance measure for the CEO · Established 2015 performance target at a level that exceeds analysts' consensus 	<ul style="list-style-type: none"> · Brings target payout further in line with market · Creates balanced measures in the annual plan · Establishes challenging performance and payout targets
Long-Term Equity Retention and Performance Plan	<ul style="list-style-type: none"> · Eliminated EPS as a measure, leaving ROATCE as the sole measure for the Performance award · Retention award vesting schedule changed to five years, 20% per year, from a four year schedule with first year 40% vesting · Individual performance measure added to the Performance award (was previously only on the Retention award) 	<ul style="list-style-type: none"> · Removing measure (EPS) that overlaps with annual short-term incentive plan and retaining a measure (ROATCE) that is typically considered a long-term indicator of performance · Desire to include individual performance in both portions of the plan · Distribute shares in equal annual segments versus front-loading
Change In Control ("CIC")	<ul style="list-style-type: none"> · Double trigger (previously was a single trigger) · Severance calculation changed to include three-year average incentive (previously utilized maximum incentive target as calculation) 	<ul style="list-style-type: none"> · It is more appropriate to trigger a CIC in the event of both the CIC and termination and not just upon the CIC alone · Prefer to deliver a bonus payout amount that is comparable to an average historical payout versus a maximum target amount
Non-CEO Supplemental Executive Retirement Plans ("SERPs")	<ul style="list-style-type: none"> · The previous replacement income guarantee of 50% was frozen at the executive's current earned calculation 	<ul style="list-style-type: none"> · Reduce future SERP benefit costs of the Company and alignment with market
Stock Ownership	<ul style="list-style-type: none"> · Ownership guidelines were amended to be based upon a multiple of salary (3.0x salary for CEO and 1.5x for other NEOs) and included a retention requirement for vesting of restricted stock if ownership guidelines are not met 	<ul style="list-style-type: none"> · Improve alignment with shareholder interests

As a result of 2014 performance and with consideration for the structural changes described above, we made the following decisions regarding compensation during 2014 and for the upcoming 2015 performance year.

Base Salaries

Mr. Dietrich's base salary increased by 7% and 14.8% in 2014 and 2015 respectively (see total direct compensation changes in table on the following page).

· Other NEOs' base salary increased by an average of 3.25% and 2.75% in 2014 and 2015, respectively.

Annual Incentives

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2014 EPS budget was exceeded resulting in the Executive Incentive Compensation Plan (“EICP”) funding at 112.5% with adjustments for individual performance.

Long-Term Incentives

2014 EPS budget was exceeded and ROTCE performance exceeded the peer group median resulting in awards funded at 120% of target.

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Year-over-year results of the compensation changes are shown below:

Named Executive	2014 Base Pay Increase	2015 Base Pay Increase	2013 EICP Payout as % of Target (Paid in 2014)	2014 EICP Payout as % of Target (Paid in 2015)	2013 Long-Term Payout as % of Target	2014 Long-Term Payout as % of Target
Martin Dietrich	7%	14.8%	100%	112.5%	100%	120%
Michael J. Chewens	4%					