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NBT BANCORP INC
Form 11-K
June 30, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K
ANNUAL REPORT
PURSUANT TO SECTION 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One):

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934. X

-

For the fiscal year ended December 31, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934. _____

For the transition period from _____ to _____

Commission File No. 0-14703

A. Full title of the plan and the address of the plan, if different from
that of the issuer named below: NBT Bancorp Inc. 401(k) and Employee Stock
Ownership Plan

B. Name of issuer of the securities held pursuant to the plan and the
address of its principal executive office:
NBT Bancorp Inc., 52 South Broad Street, Norwich, New York 13815.

NBT BANCORP INC.
401(K) AND EMPLOYEE STOCK
OWNERSHIP PLAN
Financial Statements and Schedules
December 31, 2002 and 2001
(With Independent Auditors' Report Thereon)

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

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INDEPENDENT AUDITORS' REPORT

Plan Administrator
NBT Bancorp Inc. 401(k) and Employee
Stock Ownership Plan:

We have audited the accompanying statements of net assets available for plan benefits of NBT Bancorp Inc. 401(k) and Employee Stock Ownership Plan as of December 31, 2002 and 2001 and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2002 and 2001 and the changes in net assets available for plan benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held at end of year and reportable transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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[GRAPHIC OMITTED]
KPMG LLP

June 20, 2003

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

Statements of Net Assets Available for Plan Benefits

December 31, 2002 and 2001

ASSETS	2002	2001
	-----	-----
Cash, held at NBT Bank, N.A.	\$ --	8,751,808
	-----	-----
Investments, at fair value:		
Money market funds	3,184,961	2,034,887
Bond mutual funds	1,108,318	--
Common stock of NBT Bancorp Inc.	22,405,048	17,380,335
Equity mutual funds	9,254,168	--
Foreign equity mutual funds	1,379,875	1,298,074
Participant loans receivable	646,333	654,858
	-----	-----
Total investments	37,978,703	21,368,154
	-----	-----
Due from broker	--	5,485,316
Employer contribution receivable	573,708	34,792
Participant contribution receivable	61,918	78,990
Accrued interest and dividends	--	10,002
	-----	-----
Total assets	38,614,329	35,729,062
Due to Sponsor	--	1,277
	-----	-----
Net assets available for plan benefits	\$38,614,329	35,727,785
	=====	=====

See accompanying notes to financial statements.

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

Statements of Changes in Net Assets Available for Plan Benefits

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Years ended December 31, 2002 and 2001

	2002	2001
	-----	-----
Additions to net assets attributed to:		
Contributions:		
Participants	\$ 2,399,111	1,762,675
Employer	1,340,724	532,204
	-----	-----
Total contributions	3,739,835	2,294,879
	-----	-----
Transfers:		
Transfer from merged FNB Plans (note 1b)	1,752,242	--
Transfers from various merged plans (note 1b)	--	13,732,922
Transfer from merged CNB Plan (note 1b)	--	5,954,554
	-----	-----
Total transfers from other plans	1,752,242	19,687,476
	-----	-----
Investment income (loss) :		
Net realized and unrealized gain (loss) on investments (note 3)	181,634	(2,736,635)
Interest	225,829	156,129
Dividends	1,035,694	876,365
	-----	-----
Net investment gain (loss)	1,443,157	(1,704,141)
	-----	-----
Total increase	6,935,234	20,278,214
	-----	-----
Deductions from net assets attributed to:		
Distributions	(4,048,690)	(4,145,541)
	-----	-----
Net increase	2,886,544	16,132,673
Net assets available for plan benefits:		
Beginning of year	35,727,785	19,595,112
	-----	-----
End of year	\$38,614,329	35,727,785
	=====	=====

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2002 and 2001

(1) DESCRIPTION OF PLAN

The following description of the NBT Bancorp Inc. 401(k) and Employee Stock Ownership Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreement or summary plan document for more complete information.

(a) GENERAL

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The Plan is a defined contribution plan as defined under Section 401 of the Internal Revenue Code (IRC), sponsored by NBT Bancorp Inc. (the Sponsor). The Sponsor is responsible for administration of the Plan. NBT Bank, N.A. - Trust Division (the Trustee), a wholly owned subsidiary of NBT Bancorp Inc., is the trustee of the Plan. The assets of the Plan are held, administered, and managed in accordance with the terms and conditions of the Trust Agreement, which is considered to be an integral part of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

(b) MERGERS

On June 1, 2001, the Sponsor completed the acquisition of First National Bancorp, Inc. (FNB). Effective January 1, 2002, FNB's two defined contribution plans, First National Bank of Northern New York Employee Profit Sharing Plan and First National Bank of Northern New York ESOP (collectively referred to herein as the "FNB Plans"), were merged with and into the Plan. All participants in the FNB Plans that became employees of the Sponsor became participants in the Plan. The net assets of FNB Plans, consisting primarily of cash and NBT Bancorp Inc. common stock, were transferred to the Plan's trust on January 2, 2002 and January 3, 2002. Net assets merged into the Plan from the FNB Plans totaled \$1,752,242.

On November 8, 2001, the Sponsor merged with CNB Financial Corp. Effective December 31, 2001, CNB Financial Corp.'s defined contribution plan, the Central National Bank 401(k) Plan (the CNB Plan), was merged with and into the Plan. All participants in the CNB Plan that became employees of the Sponsor became participants in the Plan. The net assets of the CNB Plan, consisting primarily of loans, amounts due from broker, and NBT Bancorp Inc. common stock, were transferred to the Plan's trust on January 2, 2002 and January 3, 2002. Net assets merged into the Plan from the CNB Plan totaled \$5,954,554 on December 31, 2001. While the transfers occurred on January 2, 2002 and January 3, 2002, the Plan recorded this transfer as of December 31, 2001, the effective date of the CNB Plan merger into the Plan.

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

Notes to Financial Statements

December 31, 2002 and 2001

On February 17, 2000, May 5, 2000 and July 1, 2000 the Sponsor merged with Lake Ariel Bancorp, Inc., M. Griffith, Inc. and Pioneer American Holding Company Corp., respectively. All of the acquired companies had separate defined contribution plans. On January 1, 2001, the Pioneer American Bank, N.A. Savings and Investment Plan (Pioneer Plan), the LA Bank, N.A. Profit Sharing/401(k) Plan (LA Plan), the M. Griffith, Inc. 401(k) Plan (M. Griffith Plan) and the Pioneer American Bank, N.A. Employee Stock Ownership Plan (Pioneer ESOP), collectively referred to as the "Merged Plans," were merged into the Plan. All participants in the Merged Plans that became employees of the Sponsor became participants in the Plan. The assets held in the Merged Plans' various

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trusts that related to participants who became employees of the Sponsor were transferred to the Plan's trust at various dates during the year ended December 31, 2001. Changes in these net assets are included in the Plan's statement of changes in net assets available for plan benefits beginning on the date they were transferred into the Plan. These net assets consisted primarily of loans, cash, and NBT Bancorp Inc. common stock.

The following represents the net assets transferred to the plan from the Merged Plans during the year ended December 31, 2001:

MERGED PLAN	DATE OF FINAL TRANSFER OF NET ASSETS TO THE PLAN	NET ASSETS TRANSFERRED
Pioneer Plan	February 1, 2001	\$ 3,416,744
LA Plan	June 11, 2001	3,417,711
M. Griffith Plan	March 1, 2001	3,013,864
Pioneer ESOP	May 3, 2001	3,884,603

		\$ 13,732,922
		=====

(c) ELIGIBILITY

All employees over age 21 with at least one year of service and who worked at least 1,000 hours in the Plan year are eligible to participate in the Plan.

(d) CONTRIBUTIONS

Participants make pre-tax contributions in whole percentages up to IRS limitations for any Plan year.

The Sponsor provides a matching contribution of 100% of each participant's contribution up to 3% of their compensation. In addition, a discretionary amount, determined by the Sponsor's board of directors, may be contributed to the Plan each year. Participants must be actively employed on the last day of the year to share in this contribution, which is allocated to participants based on compensation. During 2002, a discretionary contribution of \$545,213 was approved by the Sponsor's board of directors. This amount was paid during 2003. No discretionary contribution was approved by the Sponsor's board of directors during 2001.

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

Notes to Financial Statements

December 31, 2002 and 2001

(e) PARTICIPANTS' ACCOUNTS

Participants may elect to have their contributions invested among the various funds available to the Plan. All Sponsor contributions to the Plan are invested in the NBT Bancorp Inc. common stock. Each

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participant's account is credited with the Sponsor's and participant's contributions, plan earnings, and income, expenses, gains, and losses attributable thereto.

(f) VESTING

Participants' contributions and any investment income thereon are always 100% vested. Participants vest in the employer contributions on a straight line basis of 20% for each full year of service up to 100% vesting. Participants are considered 100% vested upon termination due to death, retirement, or permanent disability.

(g) PARTICIPANT'S CLAIMS UPON PLAN TERMINATION

Although it has not expressed any intention to do so, the Sponsor has the right to discontinue contributions or terminate the Plan at any time subject to Plan provisions. In the event of termination of the Plan, each participant's account would become fully vested.

(h) FORFEITURES

Forfeitures are applied to reduce the amount of subsequent employer contributions otherwise required to be paid. In 2002 and 2001, employer contributions were reduced by \$45,431 and \$109,138, respectively, from forfeited nonvested accounts. Forfeiture account balances totaled \$32,576 at December 31, 2002.

(i) PAYMENT OF BENEFITS

Upon normal or early retirement, disability, death, or termination of employment, the value of a participant's account is paid in a single lump sum, as specified by the Plan. Early retirement is allowed upon reaching age 55 and completing 5 years of service.

(j) PARTICIPANT LOANS

Participants may borrow from their account in amounts ranging from \$1,000 to the lesser of \$50,000 or 50% of the vested 401(k) account balance (excludes Company contributions invested in NBT Bancorp Inc. common stock). Beginning January 1, 1997, participants are not allowed to borrow from employer contributions made subsequent to that date. Loans, other than loans for the purchase of a primary residence, must be repaid over a period no longer than five years. Loans for the purchase of a primary residence must be repaid over a period no longer than 15 years. Interest is charged at the prime rate plus 1%. Participant loans are treated as a transfer from the participant directed accounts into the loan fund. Principal and interest payments on the loans are allocated to the loan fund and transferred into the participant directed accounts based on the participants' current investment allocation elections.

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

Notes to Financial Statements

December 31, 2002 and 2001

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(k) ADMINISTRATIVE EXPENSES

Expenses of operating and administering the Plan are generally borne by the Sponsor. The payment of these expenses is not mandated by the Plan and is done so at the discretion of the Sponsor.

(l) VOTING RIGHTS

With respect to participant account balances that are invested in shares of the Sponsor's stock, each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the Trustee prior to the time that such rights are to be exercised.

(m) RISKS AND UNCERTAINTIES

The Plan invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting. Amounts in the prior year's financial statements are reclassified when necessary to conform with the current year's presentation.

(b) INVESTMENTS HELD IN TRUST

Mutual funds and the common stock of the Sponsor are stated at fair value, based on published market quotations. Money market funds are short-term investments carried at cost, which approximates fair value. Loans to participants are carried at the unpaid principal balance, which approximates fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date.

(c) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of net assets and changes therein. Actual results could differ from those estimates.

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December 31, 2002 and 2001

(3) INVESTMENTS

Investments that represent 5% or more of the net assets available for plan benefits at December 31, 2002 or 2001 are as follows:

	2002	2001
	-----	-----
Cash and cash equivalents:		
Cash	\$ --	8,751,808
Strong Money Market Fund	3,184,973	2,034,887
Mutual funds:		
Strong Growth and Income Fund	2,697,056	--
Strong Large Cap Growth Fund	2,540,705	--
Common stock:		
NBT Bancorp Inc.	22,405,306	17,380,335

During 2002 and 2001, the Plan's investments (including bought, sold, and held during the year) appreciated (depreciated) in value as follows:

	YEAR ENDED DECEMBER 31	
	2002	2001
	-----	-----
Investments at fair value as determined by quoted market price:		
Bond mutual funds	\$ 25,149	4,415
Common stock of NBT Bancorp Inc.	3,318,952	(595,762)
Equity mutual funds	(2,673,226)	(1,687,575)
Foreign equity mutual funds	(489,241)	(457,713)
	-----	-----
	\$ 181,634	(2,736,635)
	=====	=====

(4) NONPARTICIPANT DIRECTED INVESTMENTS

Information about the investments relating to accumulated nonparticipant directed contributions is as follows:

	DECEMBER 31	
	2002	2001
	-----	-----
Discretionary employer accumulated contributions invested in NBT common stock	\$15,508,176	14,615,734
Nondiscretionary employer accumulated contributions invested in NBT common stock	3,623,194	1,372,996
	-----	-----
	\$19,131,370	15,988,730
	=====	=====

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Information about the significant components of the changes in investments related to accumulated nonparticipant directed contributions for 2002 and 2001 is as follows:

	2002	2001
	-----	-----
Transfers from other plans	\$ 1,390,331	3,623,847
Contributions and loan repayments	1,015,686	564,817
Interest and dividends	806,386	768,151
Net realized and unrealized depreciation	3,189,643	(131,384)
Distributions and new loans issued	(3,259,406)	(2,218,798)
	-----	-----
	\$ 3,142,640	2,606,633
	=====	=====

(5) INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Sponsor by a letter dated October 30, 2001, that the Plan and underlying trust, as then designed, were in compliance with the applicable requirements of the Internal Revenue Code and therefore the Plan is exempt from income taxes. Management believes that the Plan is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

(6) PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of NBT Bancorp Inc., the Plan's Sponsor. Therefore, transactions involving those shares are party-in-interest transactions. Additionally, the trustee of the Plan is NBT Bank, N.A. which is a subsidiary of the Sponsor.

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

Schedule H, Line 4i Schedule of Assets Held at End of Year

December 31, 2002

(a) IDENTITY OF ISSUER BORROWER, LESSOR, OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR, OR MATURITY VALUE	(d) COS
-----	-----	-----
Strong Money Market	Money market fund	\$
Strong Corporate Bond Fund	Bond mutual fund, 11,720 shares	
Strong Government Securities Fund	Bond mutual fund, 88,980 shares	

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Columbia Small Cap Fund 2	Equity mutual fund, 12,177 shares	
Davis NY Venture Fund	Equity mutual fund, 17,763 shares	
MFS Mid Cap Growth Fund	Equity mutual fund, 33,781 shares	
MFS Total Return Fund	Equity mutual fund, 124,486	
Strong Advisor Small Cap Value Fund	Equity mutual fund, 11,216 shares	
Strong Growth and Income Fund	Equity mutual fund, 170,161 shares	
Strong Large Cap Growth Fund	Equity mutual fund, 153,889 shares	
Strong Opportunity Fund	Equity mutual fund, 3,213 shares	
Barclays Global Investors Equity Index Fund D2	Equity mutual fund, 165,525	
Janus Worldwide Fund	Foreign equity mutual fund, 42,947 shares	
* NBT Bancorp Inc.	Common stock, 1,312,539 shares	*** 18,421
* Participant loans receivable	Interest rates - 5.25% - 12.14%	

* Party-in-interest.

** Cost omitted for these participant directed investments.

*** Represents cost of NBT Bancorp Inc. common stock for which there is no participant direction as well as NBT Bancorp Inc. common stock for which participants have direction.

See accompanying independent auditors report.

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

Schedule H, Line 4j Schedule of Reportable Transactions

Year ended December 31, 2002

(a) IDENTITY OF PARTY INVOLVED	(b) DESCRIPTION OF ASSET (INCLUDING INTEREST RATE AND MATURITY IN CASE OF A LOAN)	(c) PURCHASE PRICE	(d) SELLING PRICE	(e) LEASE RENTAL
Series of transactions:				
NBT Bancorp Inc. (series of 163 transactions)	Common Stock	\$ 3,785,846	--	--
NBT Bancorp Inc. (series of 294 transactions)	Common Stock	--	3,558,299	--

(h) CURRENT

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(A) IDENTITY OF PARTY INVOLVED	VALUE OF ASSET ON TRANSACTION DATE	(i) NET GAIN (LOSS)

Series of transactions:		
NBT Bancorp Inc. (series of 163 transactions)	3,785,846	--
NBT Bancorp Inc. (series of 294 transactions)	3,558,299	526,367

Reportable transactions, for purposes of this schedule are:

- (1) A single transaction within the plan year in excess of 5% of the current value of the plan assets at the beginning of the plan year;
- (2) Any series of transactions with, or in conjunction with, the same person, involving property other than securities, which amount in the aggregate within the plan year (regardless of the category of asset and the gain or loss on any transaction) to more than 5% of the current value of plan assets at the beginning of the Plan year;
- (3) Any transaction within the plan year involving securities of the same issue if within the plan year any series of transactions with respect to such securities amount in the aggregate to more than 5% of the current value of the plan assets at the beginning of the Plan year; and
- (4) Any transaction within the plan year with respect to securities with, or in conjunction with, a person if any prior or subsequent single transaction within the plan year with such person, with respect to securities, exceeds 5% of the current value of plan assets at the beginning of the Plan year.

See accompanying independent auditors report.

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Exhibits:

- 23 Consent of KPMG LLP dated June 27, 2003.
- 99 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. This exhibit is furnished, not filed, in accordance with SEC Release Number 33-8212.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: June 27, 2003

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

By: /s/ Thomas R. Delduchetto

Thomas R. Delduchetto
Executive Vice President and
Director of Human Resources and

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Member of the 401 (k) Plan
Administrative Committee of the NBT
Bancorp Inc. 401 (k) and Employee
Stock Ownership Plan

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EXHIBIT INDEX

Exhibit Document
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