

NBT BANCORP INC  
Form 11-K  
June 30, 2008

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UNITED STATES

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.

For the fiscal year ended December 31, 2007

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.

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401(k) AND EMPLOYEE STOCK  
OWNERSHIP PLAN

Financial Statements and Supplemental Schedule

December 31, 2007 and 2006

(With Report of Independent Registered Public Accounting Firm)

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

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Report of Independent Registered Public Accounting Firm

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 the NBT Bancorp Inc. 401(k) and Employee Stock Ownership Plan (the Plan) as of December 31, 2007 and 2006 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 the standards of the Public Company Accounting Oversight Board (United States). 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 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 statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2007 and 2006, and the changes in net assets available for plan benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held at end of year is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is 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. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP  
Albany, New York  
June 26, 2008

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

Statements of Net Assets Available for Plan Benefits

December 31, 2007 and 2006

|   | 2007          | 2006       |
|---|---------------|------------|
| Assets:   |               |            |
| Investments, at fair value:   |               |            |
| Cash and money market funds   | \$ 550,713    | 200,484    |
| Collective investment fund  | 4,352,855     | 3,744,790  |
| Bond mutual funds   | 2,803,156     | 2,038,871  |
| Common stock of NBT Bancorp Inc.  | 27,363,051    | 34,400,235 |
| Domestic equity mutual funds  | 22,293,830    | 18,125,758 |
| Foreign equity mutual funds   | 3,128,804     | 2,221,874  |
| Participant loans receivable  | 738,422       | 665,745    |
| Total investments   | 61,230,831    | 61,397,757 |
| Employer contribution receivable  | 360,723       | 346,984    |
| Total plan assets   | 61,591,554    | 61,744,741 |
| Liabilities:  |               |            |
| Excess contributions due to plan sponsor  | 42,296        | 65,261     |
| Net assets available for plan benefits at fair value  | 61,549,258    | 61,679,480 |
| Adjustments from fair value to contract value for fully benefit-responsive investment contracts | (21,567)      | 35,998     |
| Net assets available for plan benefits  | \$ 61,527,691 | 61,715,478 |

See accompanying notes to financial statements.

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NBT BANCORP INC.  
401(k) AND EMPLOYEE STOCK  
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Statements of Changes in Net Assets Available for Plan Benefits

Years ended December 31, 2007 and 2006

|   | 2007          | 2006        |
|---|---------------|-------------|
| Additions to net assets attributed to:                                  |               |             |
| Contributions:  |               |             |
| Participants  | \$ 2,788,969  | 2,525,031   |
| Employer  | 1,286,404     | 1,345,197   |
| Rollovers   | 133,680       | 107,081     |
| Total contributions   | 4,209,053     | 3,977,309   |
| Investment income:  |               |             |
| Net realized and unrealized (loss) gain on investments                  | (1,831,969)   | 7,226,855   |
| Interest  | 56,020        | 46,753      |
| Dividends   | 1,580,297     | 1,374,146   |
| Net investment (loss) income  | (195,652)     | 8,647,754   |
| Total increase  | 4,013,401     | 12,625,063  |
| Deductions from net assets attributed to:                               |               |             |
| Distributions   | (4,201,188)   | (4,823,734) |
| Net (decrease) increase in net assets before transfer from another plan | (187,787)     | 7,801,329   |
| Transfer from another plan  | —             | 1,867,176   |
| Net (decrease) increase in net assets                                   | (187,787)     | 9,668,505   |
| Net assets available for plan benefits:                                 |               |             |
| Beginning of year   | 61,715,478    | 52,046,973  |
| End of year   | \$ 61,527,691 | 61,715,478  |

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, 2007 and 2006

(1) Description of Plan

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

(a) General

The Plan is a defined contribution plan as defined under Section 401(a) 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. (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) Eligibility

All employees over age 21 who are scheduled to complete 1,000 hours of service or have completed 1,000 hours of service are eligible to participate in the Plan.

(c) 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. All Sponsor contributions to the Plan are invested in the NBT Bancorp Inc. common stock. Participants must be actively employed on the last day of the year to share in this discretionary contribution, which is allocated to participants based on compensation. During 2007 and 2006, discretionary contributions of \$360,723 and \$346,984, respectively, were approved by the Sponsor's board of directors. These amounts were paid during 2008 and 2007, respectively.

(d) Participants' Accounts

Participants may elect to have their contributions invested among the various funds available to the Plan, including the NBT Bancorp Inc. common stock fund. Each participant's account is credited with the Sponsor's and participant's contributions, plan earnings, and income, expenses, gains, and losses attributable thereto.

(e) Vesting

Participants' contributions and any investment income thereon are 100% vested. Participants vest in the employer contributions on a graded basis of 20% for each full year of service (minimum 1,000 hours) until 100% vested. Participants are considered 100% vested upon termination due to death, retirement, or permanent disability.



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Notes to Financial Statements

December 31, 2007 and 2006

(f) 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.

(g) Forfeitures

Forfeitures are applied to reduce the amount of future employer contributions otherwise required to be paid. In 2007 and 2006, forfeitures from nonvested accounts totaled \$80,948 and \$33,020, respectively. Forfeiture account balances totaled \$16,061 and \$4,970 at December 31, 2007 and 2006, respectively.

(h) 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.

(i) 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). Participants are not allowed to borrow from employer contributions made subsequent to January 1, 1997. 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% as of the loan origination date. 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.

(j) 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. Loan fees are paid by the borrower.

(k) 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.



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NBT BANCORP INC.  
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OWNERSHIP PLAN

Notes to Financial Statements

December 31, 2007 and 2006

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

(b) Transfer of Plan Assets

On February 10, 2006, the Sponsor acquired CNB Bancorp, Inc. and its wholly owned subsidiary, City National Bank & Trust Company (CNB Bank). On March 1, 2006, the City National Bank & Trust Company Profit Sharing Plan sponsored by CNB Bank was merged with and into the Plan. From the date of the merger of the holding companies, until the date of the merger of the plans, participant contributions were made to the City National Bank & Trust Company Profit Sharing Plan.

Management of the Company believes that this transfer was a tax-exempt transaction under the applicable provisions of the Internal Revenue Code, and therefore, was not subject to federal income taxes.

(c) Investments Held in Trust

The Plan's investments are stated at fair value on the Statement of Net Assets Available for Plan Benefits with an adjustment from fair value to contract value for fully benefit-responsive investment contracts. Changes in the carrying value for fully benefit-responsive investment contracts and changes in fair value for all other investments are included in net appreciation of fair value of investments on the Statement of Changes in Net Assets Available for Plan Benefits.

Fair values of mutual funds and the common stock of the Sponsor are stated at fair value, based on published market quotations. Loans to participants are carried at the unpaid principal balance, which approximates fair value.

The collective investment fund consists of the Federated Capital Preservation Fund (the Fund), which primarily holds guaranteed investment contracts (GICs) and synthetic guaranteed investment contracts (synthetic GICs). GICs represent deposits which guarantee a stated interest rate for the term of the contracts. The fair value of GICs is determined based on the present value of the contract's expected cash flows, discounted by current market interest rates for like-duration and like-quality investments. Synthetic GICs are portfolios of securities (debt securities or open-end registered investment companies) owned by the Fund with wrap contracts that guarantee a fixed or variable rate for the term of the contracts.

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.



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NBT BANCORP INC.  
401(k) AND EMPLOYEE STOCK  
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Notes to Financial Statements

December 31, 2007 and 2006

(d) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets available for plan benefits, disclosure of contingent assets and liabilities, the reported amount of increases and decreases in net assets available for plan benefits, and the fair value of investments. Actual results could differ from those estimates.

(e) 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 participant's account balances and the amounts reported in the statement of net assets available for benefits.

(3) Investments

Fair value of investments that represent 5% or more of the net assets available for plan benefits at December 31, 2007 or 2006 are as follows:

|                                       | 2007         | 2006       |
|---------------------------------------|--------------|------------|
| Collective Investment fund:           |              |            |
| Federated Capital Preservation Fund   | \$ 4,352,855 | 3,744,790  |
| Domestic equity mutual funds:         |              |            |
| American Funds Growth Fund of America | 5,254,839    | 4,502,170  |
| Dodge & Cox Balance Fund              | 3,760,981    | 2,780,649  |
| Foreign equity mutual fund:           |              |            |
| American Funds New Perspective Fund   | 3,128,804    | 2,221,874  |
| Common stock:                         |              |            |
| NBT Bancorp Inc.                      | 27,363,051   | 34,400,235 |

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

Notes to Financial Statements

December 31, 2007 and 2006

During 2007 and 2006, the Plan's investments (depreciated) appreciated in value (including realized gains and losses on investments bought, sold, and held during the year) as follows:

|                                  | 2007           | 2006      |
|----------------------------------|----------------|-----------|
| Bond mutual funds                | \$ 63,874      | (5,771)   |
| Common stock of NBT Bancorp Inc. | (3,417,227)    | 5,280,250 |
| Domestic equity mutual funds     | 1,189,023      | 1,617,684 |
| Foreign equity mutual funds      | 332,361        | 334,692   |
|                                  | \$ (1,831,969) | 7,226,855 |

(4) Nonparticipant Directed Investments

Information about the investments relating to accumulated nonparticipant directed contributions for the years ended December 31, 2007 and 2006, respectively, including the significant components of changes in investments related to nonparticipant directed contributions, is as follows:

|  | 2007          | 2006        |
|--|---------------|-------------|
| Fair value of NBT Bancorp Inc. common stock at December 31, 2006 | \$ 31,684,550 | 27,363,793  |
| Contributions  | 1,286,404     | 1,345,197   |
| Dividends  | 1,014,361     | 1,050,196   |
| Net realized and unrealized (depreciation) appreciation          | (3,276,317)   | 4,867,743   |
| Transfers to participant-directed investments                    | (3,799,687)   | (483,638)   |
| Distributions  | (1,738,436)   | (2,458,741) |
| Fair value of NBT Bancorp Inc. common stock at December 31, 2007 | \$ 25,170,875 | 31,684,550  |

(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. Although the Plan has been amended since receiving the determination letter, management believes that the Plan is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

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NBT BANCORP INC.  
401(k) AND EMPLOYEE STOCK  
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Notes to Financial Statements

December 31, 2007 and 2006

(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.

EPIC Advisors, Inc., the Plan's recordkeeper, is a wholly-owned subsidiary of NBT Financial Services, Inc., which is a wholly-owned subsidiary of the Sponsor.

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Schedule 1

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

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

December 31, 2007

| (a) | (b)<br>Identity of issuer borrower,<br>lessor, or similar party | (c)<br>Description of<br>investment including maturity<br>date, rate of interest, collateral,<br>par, or maturity value | (d)<br>Cost | (e)<br>Current value |
|-----|---|---|-------------|----------------------|
|     | Cash  | Cash  | **          | \$ 550,669           |
|     | Federated Prime Obligation Fund                                 | Money market fund   | **          | 44                   |
|     | Federated Capital Preservation Fund                             | Collective investment fund  | **          | 4,331,288            |
|     | Dodge & Cox Income  | Bond mutual fund, 107,153 shares  | **          | 1,340,487            |
|     | Vanguard Intermediate US Treasury                               | Bond mutual fund, 129,325 shares  | **          | 1,462,669            |
|     | American Funds Growth Fund of America                           | Equity mutual fund, 156,767 shares  | **          | 5,254,839            |
|     | Vanguard Capital Opportunity                                    | Equity mutual fund, 12,161 shares   | **          | 1,034,440            |
|     | Columbia Acorn  | Equity mutual fund, 42,622 shares   | **          | 1,262,048            |
|     | Federated Capital Appreciation Fund                             | Equity mutual fund, 134,892 shares  | **          | 2,878,593            |
|     | FPA Capital   | Equity mutual fund, 16,762 shares   | **          | 615,334              |
|     | T-Rowe Price Mid Cap Growth                                     | Equity mutual fund, 20,022 shares   | **          | 1,154,663            |
|     | Royce Low Price Stock   | Equity mutual fund, 42,731 shares   | **          | 631,570              |
|     | Dodge & Cox Stock Fund  | Equity mutual fund, 17,662 shares   | **          | 2,441,976            |
|     | Dodge & Cox Balance Fund  | Equity mutual fund, 46,432 shares   | **          | 3,760,981            |
|     | Janus Mid Cap Value Investment                                  | Equity mutual fund, 41,294 shares   | **          | 926,223              |
|     | Vanguard 500 Index Fund   | Equity mutual fund, 20,222 shares   | **          | 2,257,540            |
|     | Fidelity Low Price Stock  | Equity mutual fund, 1,839 shares  | **          | 75,623               |
|     |   |   | **          | 3,128,804            |



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|                                     |  |               |            |
|-------------------------------------|--|---------------|------------|
| American Funds New Perspective Fund | Foreign equity mutual fund,<br>93,425 shares |               |            |
| * NBT Bancorp Inc.                  | Common stock, 1,199,082 shares               | 21,300,297*** | 27,363,051 |
| * Participant loans receivable      | Interest rates – 5.00% – 10.00%              | **            | 738,422    |
|                                     |  | \$            | 61,209,264 |

\* 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 report of independent registered public accounting firm.

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SIGNATURES

The Plan: 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 30, 2008

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

By: /s/ Catherine Scarlett

Catherine Scarlett  
Executive Vice President and Director of  
Human Resources and Member of the  
401(k) Plan Administrative Committee of  
The NBT Bancorp Inc. 401(k) and  
Employee Stock Ownership Plan