

NBT BANCORP INC
Form 424B3
January 30, 2013
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Filed pursuant to Rule 424(b)(3)
Registration No. 333-185074

Joint Proxy Statement/Prospectus

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Stockholder:

On October 7, 2012, the boards of directors of NBT Bancorp Inc., or NBT, and Alliance Financial Corporation, or Alliance, each unanimously approved a merger agreement between NBT and Alliance pursuant to which Alliance will merge with and into NBT, with NBT surviving the merger.

Each of NBT and Alliance is holding a special meeting for its stockholders to vote on the proposals necessary to complete the merger. The merger cannot be completed unless the holders of a majority of the shares of NBT common stock outstanding and entitled to vote and the holders of two-thirds of the shares of Alliance common stock outstanding and entitled to vote at each company's special meeting vote to adopt and approve the merger agreement.

The special meeting of NBT stockholders will be held at the Binghamton Riverwalk Hotel & Conference Center, 225 Water Street, Binghamton, New York 13901 on March 5, 2013, at 10:00 a.m., local time. The special meeting of Alliance shareholders will be held at Alliance Financial Corporation, 120 Madison Street, 18th Floor, Syracuse, New York 13202 on March 7, 2013, at 10:00 a.m., local time.

If the merger agreement is adopted and approved and the merger is subsequently completed, Alliance shareholders will receive 2.1779 shares of NBT common stock for each share of Alliance common stock they own on the effective date of the merger. Alliance shareholders will also receive cash in lieu of any fractional shares they would have otherwise received in the merger. NBT has registered 10,328,673 shares of its common stock for issuance to the Alliance shareholders, which represents the estimated maximum number of shares of NBT common stock that may be issued upon the completion of the merger described herein. NBT common stock is listed on the NASDAQ Global Select Market under the symbol NBTB and Alliance common stock is listed on the NASDAQ Global Select Market under the symbol ALNC. On January 25, 2013, the closing price of NBT common stock was \$20.52 per share and the closing price of Alliance common stock was \$44.19 per share. These prices will fluctuate between now and the closing of the merger. We urge you to obtain current market quotations for both NBT and Alliance common stock.

Your vote is important regardless of the number of shares you own. Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card or by submitting a proxy through the Internet or by telephone as described on the enclosed instructions as soon as possible to make sure your shares are represented at the special meeting. If you hold shares through a bank or broker, please use the voting instructions you have received from your bank or broker. If you submit a properly signed proxy card without indicating how you want to vote, your proxy will be counted as a vote **FOR** each of the proposals being voted on at your company's special meeting. The failure to vote by submitting your proxy or attending your company's special meeting and voting in person will have the same effect as a vote against adoption and approval of the merger agreement.

The accompanying document serves as the joint proxy statement for the special meetings of NBT and Alliance and as the prospectus for the shares of NBT common stock to be issued in connection with the merger. This joint proxy statement/prospectus describes the special meetings, the merger, the documents related to the merger and other related matters. Please carefully review and consider this joint proxy statement/prospectus. **Please give particular attention to the discussion under the heading Risk Factors beginning on page 29 for risk factors relating to the transaction which you should consider.**

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We look forward to the successful completion of the merger.

Sincerely,

Martin A. Dietrich

Jack H. Webb

NBT Bancorp Inc.

Alliance Financial Corporation

President and CEO

President and CEO

Neither the Securities and Exchange Commission nor any state securities commission or bank regulatory agency has approved or disapproved of the securities to be issued in the merger or determined if the attached joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The shares of NBT common stock to be issued in the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by any federal or state governmental agency.

This joint proxy statement/prospectus is dated January 30, 2013, and is first being mailed to NBT stockholders and Alliance shareholders on or about February 5, 2013.

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120 Madison Street

Syracuse, New York 13202

(315) 475-2100

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MARCH 7, 2013

A special meeting of shareholders of Alliance Financial Corporation, or Alliance, will be held at Alliance Financial Corporation, 120 Madison Street, 18th Floor, Syracuse, New York 13202 on March 7, 2013, at 10:00 a.m., local time, for the following purposes:

1. to consider and vote upon a proposal to adopt the Agreement and Plan of Merger by and between NBT Bancorp Inc., or NBT, and Alliance, dated as of October 7, 2012, pursuant to which Alliance will merge with and into NBT with NBT surviving;
2. to consider and vote upon an advisory (non-binding) proposal to approve the golden parachute compensation payable to the named executive officers of Alliance in connection with the merger;
3. to consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting, or at any adjournment or postponement of that meeting, to adopt the merger agreement; and
4. to consider and act upon such other matters as may properly come before the special meeting or any adjournment or postponement of that meeting.

The merger agreement and proposed merger of Alliance with and into NBT is more fully described in the attached document, which you should read carefully and in its entirety before voting. A copy of the merger agreement is included as Annex A to the attached joint proxy statement/prospectus.

The board of directors of Alliance has established the close of business on January 23, 2013, as the record date for the special meeting. Only record holders of Alliance common stock as of the close of business on that date will be entitled to notice of and vote at the special meeting or any adjournment or postponement of that meeting. A list of shareholders entitled to vote at the special meeting will be available for review at the special meeting upon request by any Alliance shareholder entitled to vote at the special meeting. The affirmative vote of holders of at least two-thirds of the shares of Alliance common stock outstanding and entitled to vote at the special meeting is required to adopt the merger agreement.

Your vote is important, regardless of the number of shares that you own. **Please complete, sign and return the enclosed proxy card promptly in the enclosed postage-paid envelope or submit a proxy through the Internet or by telephone as described in the enclosed instructions.** Voting by proxy will not prevent you from voting in person at the special meeting, but will assure that your vote is counted if you are unable to attend. You may revoke your proxy at any time before the meeting. If your shares are held in the name of a bank, broker or other nominee, please follow the instructions furnished to you by such record holder with these materials. If you do not vote in person or by proxy, the effect will be a vote **AGAINST** adoption of the merger agreement.

The Alliance board of directors unanimously recommends that you vote FOR adoption of the merger agreement, FOR approval, on an advisory (non-binding) basis, of the golden parachute compensation payable to the named executive officers of Alliance in connection with the merger, and FOR the adjournment proposal as described above.

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By Order of the Board of Directors,

Judy A. Schultz

Secretary

Syracuse, New York

January 30, 2013

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52 South Broad Street

Norwich, New York 13815

(607) 337-2265

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON MARCH 5, 2013

A special meeting of stockholders of NBT Bancorp Inc., or NBT, will be held at the Binghamton Riverwalk Hotel & Conference Center, 225 Water Street, Binghamton, New York 13901, on March 5, 2013, at 10:00 a.m., local time, for the following purposes:

1. to consider and vote upon a proposal to adopt and approve the Agreement and Plan of Merger by and between NBT and Alliance Financial Corporation, or Alliance, dated as of October 7, 2012, pursuant to which Alliance will merge with and into NBT with NBT surviving;
2. to consider and vote upon a proposal to approve one or more adjournments of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting, or at any adjournment or postponement of that meeting, to adopt and approve the merger agreement; and
3. to consider and act upon such other matters as may properly come before the special meeting or any adjournment or postponement of that meeting.

The merger agreement and proposed merger of Alliance with and into NBT is more fully described in the attached document, which you should read carefully and in its entirety before voting. A copy of the merger agreement is included as Annex A to the attached joint proxy statement/prospectus.

The board of directors of NBT has established the close of business on January 14, 2013, as the record date for the special meeting. Only record holders of NBT common stock as of the close of business on that date will be entitled to notice of and vote at the special meeting or any adjournment or postponement of that meeting. The list of stockholders entitled to vote at the special meeting will be available for review by any NBT stockholder entitled to vote at the special meeting at NBT's principal executive offices during regular business hours for the 10 days before the special meeting. The affirmative vote of holders of at least a majority of the shares of NBT common stock outstanding and entitled to vote at the special meeting is required to adopt and approve the merger agreement.

Your vote is important, regardless of the number of shares that you own. **Please complete, sign and return the enclosed proxy card promptly in the enclosed postage-paid envelope or submit a proxy through the Internet or by telephone as described in the enclosed instructions.** Voting by proxy will not prevent you from voting in person at the special meeting, but will assure that your vote is counted if you are unable to attend. You may revoke your proxy at any time before the meeting. If your shares are held in the name of a bank, broker or other nominee, please follow the instructions furnished to you by such record holder with these materials. If you do not vote in person or by proxy, the effect will be a vote **AGAINST** adoption and approval of the merger agreement.

The NBT board of directors unanimously recommends that you vote FOR adoption and approval of the merger agreement and FOR the adjournment proposal as described above.

By Order of the Board of Directors,
Daryl R. Forsythe
Chairman of the Board

Norwich, New York

January 30, 2013

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ADDITIONAL INFORMATION

The accompanying joint proxy statement/prospectus incorporates by reference important business and financial information about NBT and Alliance from documents that are not included in or delivered with the joint proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in this joint proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

| NBT Bancorp Inc. | Alliance Financial Corporation |
|--|--|
| 52 South Broad Street | 120 Madison Street |
| Norwich, New York 13815 | Syracuse, New York 13202 |
| Attention: Michael J. Chewens, CFO | Attention: J. Daniel Mohr, CFO |
| (607) 337-2265 | (315) 475-4478 |
| www.nbtbancorp.com | www.alliancefinancialcorporation.com |
| <i>(Investor Relations tab)</i> | <i>(Investor Relations tab)</i> |

To obtain timely delivery, you must request the information no later than five business days before the applicable special meeting. In the case of Alliance shareholders, this means that you must make your request no later than February 28, 2013, and in the case of NBT stockholders, this means that you must make your request no later than February 26, 2013.

For a more detailed description of the information incorporated by reference in the accompanying joint proxy statement/prospectus and how you may obtain it, see *Where You Can Find More Information* beginning on page 166.

The accompanying joint proxy statement/prospectus provides a detailed description of the merger and the merger agreement. We urge you to read the joint proxy statement/prospectus, including any documents incorporated by reference into the proxy statement/prospectus, and its annexes carefully and in their entirety. If you have any questions concerning the merger, the other meeting matters or the joint proxy statement/prospectus, or need assistance voting your shares, please contact your company's proxy solicitor at the address or telephone number listed below:

| For NBT Stockholders: | For Alliance Shareholders: |
|---|-----------------------------------|
| AST Phoenix Advisors | Regan & Associates, Inc. |
| 6201 15 th Avenue, 3 rd Floor | 505 Eighth Avenue, Suite 800 |
| Brooklyn, New York 11219 | New York, New York 10018 |
| (877) 478-5038 | (800) 737-3426 |

Please do not send your stock certificates at this time. You will be sent separate instructions regarding the surrender of your stock certificates.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS

The following questions and answers are intended to address briefly some commonly asked questions regarding the merger and the special meetings. These questions and answers may not address all questions that may be important to you as a stockholder. To better understand these matters, and for a description of the legal terms governing the merger, you should carefully read this entire joint proxy statement/prospectus, including the annexes, as well as the documents that have been incorporated by reference in this joint proxy statement/prospectus.

Q: Why am I receiving this joint proxy statement/prospectus?

A: NBT and Alliance have agreed to the acquisition of Alliance by NBT under the terms of the merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A. In order to complete the merger, NBT and Alliance stockholders must vote to adopt and approve the merger agreement. NBT and Alliance will each hold a special meeting of stockholders to obtain this approval. This joint proxy statement/prospectus contains important information about the merger, the merger agreement, the special meetings of NBT and Alliance stockholders, respectively, and other related matters, and you should read it carefully. The enclosed voting materials for each special meeting allow you to vote your shares of common stock without attending your company's special meeting in person.

We are delivering this joint proxy statement/prospectus to you as both a joint proxy statement of NBT and Alliance and a prospectus of NBT. It is a joint proxy statement because the boards of directors of both NBT and Alliance are soliciting proxies from their respective stockholders to vote on the adoption and approval of the merger agreement at their respective special meetings of stockholders. Your proxy will be used at your respective special meeting or at any adjournment or postponement of that special meeting. It is also a prospectus because NBT will issue NBT common stock to Alliance shareholders as consideration in the merger, and this prospectus contains information about that common stock.

Q: What will happen in the merger?

A: In the proposed merger, Alliance will merge with and into NBT, with NBT being the surviving entity. Following the merger, Alliance Bank, N.A., or Alliance Bank, will be merged with and into NBT Bank, N.A., or NBT Bank, with NBT Bank being the surviving entity.

Q: What will I receive in the merger?

A: *Alliance Shareholders.* If the merger agreement is adopted and approved and the merger is subsequently completed, Alliance shareholders will be entitled to receive 2.1779 shares of NBT common stock (together with the associated stock purchase rights, which are attached to, and trade with, NBT common stock) for each outstanding share of Alliance common stock (other than stock held by Alliance or NBT) held at the time of the merger.

The value of the stock consideration is dependent upon the value of NBT common stock and therefore will fluctuate with the market price of NBT common stock. Accordingly, any change in the price of NBT common stock prior to the merger will affect the market value of the stock consideration that Alliance shareholders will receive as a result of the merger.

NBT Stockholders. NBT stockholders will continue to hold their existing shares, which will not change as a result of the merger.

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Q: Will I receive any fractional shares of NBT common stock as part of the merger consideration?

A: No. NBT will not issue any fractional shares of NBT common stock in the merger. Instead, NBT will pay you the cash value of a fractional share measured by the average of the daily closing prices of NBT common stock on The NASDAQ Stock Market, or NASDAQ, for the five consecutive trading days ending on the third business day immediately prior to the closing date, rounded to the nearest whole cent.

Q: What will happen to shares of NBT common stock in the merger?

A: Nothing. Each share of NBT common stock outstanding will remain outstanding as a share of NBT common stock.

Q: What are the material U.S. federal income tax consequences of the merger to U.S. holders of shares of Alliance common stock?

A: The merger is intended to qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code. Accordingly, Alliance shareholders generally will not recognize any gain or loss on the conversion of shares of Alliance common stock solely into shares of NBT common stock. However, an Alliance shareholder generally will be subject to tax on cash received in lieu of any fractional share of NBT common stock that an Alliance shareholder would otherwise be entitled to receive. See The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 78.

Q: Will I be able to trade the shares of NBT common stock that I receive in the merger?

A: You may freely trade the shares of NBT common stock issued in the merger, unless you are an affiliate of NBT as defined by Rule 144 under the Securities Act of 1933, as amended, or the Securities Act. Affiliates consist of individuals or entities that control, are controlled by, or are under the common control with NBT and include the executive officers and directors and may include significant stockholders of NBT.

Q: What are the conditions to completion of the merger?

A: The obligations of NBT and Alliance to complete the merger are subject to the satisfaction or waiver of certain closing conditions contained in the merger agreement, including the receipt of required regulatory approvals and tax opinions, and the adoption and approval of the merger agreement by the stockholders of both NBT and Alliance.

Q: When do you expect the merger to be completed?

A: We will complete the merger when all of the conditions to completion contained in the merger agreement are satisfied or waived, including obtaining required regulatory approvals and the adoption and approval of the merger agreement by NBT and Alliance stockholders at their respective special meetings. While we expect the merger to be completed in early 2013, because fulfillment of some of the conditions to completion of the merger is not entirely within our control, we cannot assure you of the actual timing.

Q: What stockholder approvals are required to complete the merger?

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- A: The merger cannot be completed unless a majority of the shares of NBT common stock outstanding and entitled to vote and two-thirds of the shares of Alliance common stock outstanding and entitled to vote at each company's special meeting adopt and approve the merger agreement.

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Q: Are there any shareholders already committed to voting in favor of the merger agreement?

A: Yes. Alliance's Chairman, Chief Executive Officer and President, Jack H. Webb entered into a voting agreement with NBT requiring him to vote all of his shares in favor of adoption of the merger agreement. As of the record date, Mr. Webb held 56,617 shares of Alliance common stock, which represented approximately 1.18% of the outstanding shares of Alliance common stock on the record date. In addition, NBT holds 39,693 shares of Alliance common stock, which represented approximately 0.8% of the outstanding shares of Alliance common stock as of the record date.

Q: When and where are the special meetings?

A: The special meeting of shareholders of Alliance will be held at Alliance Financial Corporation, 120 Madison Street, 18th Floor, Syracuse, New York 13202 on March 7, 2013, at 10:00 a.m., local time. The special meeting of stockholders of NBT will be held at the Binghamton Riverwalk Hotel & Conference Center, 225 Water Street, Binghamton, New York 13901 on March 5, 2013, at 10:00 a.m., local time.

Q: What will happen at the special meetings?

A: At the special meetings, NBT and Alliance stockholders will consider and vote upon the proposal to adopt and approve the merger agreement. Additionally, Alliance shareholders will consider and vote upon an advisory (non-binding) proposal to approve the golden parachute compensation payable to the named executive officers of Alliance in connection with the merger. If, at the time of the NBT or Alliance special meeting, there are not sufficient votes for the stockholders to adopt and approve the merger agreement, you may be asked to consider and vote upon a proposal to adjourn such special meeting, so that additional proxies may be collected.

Q: Who is entitled to vote at the special meetings?

A: *Alliance Shareholders:* All holders of Alliance common stock who held shares at the close of business on January 23, 2013, which is the record date for the special meeting of Alliance shareholders, are entitled to receive notice of and to vote at the Alliance special meeting. Each holder of Alliance common stock is entitled to one vote for each share of Alliance common stock owned as of the record date.
NBT Stockholders: All holders of NBT common stock who held shares at the close of business on January 14, 2013, which is the record date for the special meeting of NBT stockholders, are entitled to receive notice of and to vote at the NBT special meeting. Each holder of NBT common stock is entitled to one vote for each share of NBT common stock owned as of the record date.

Q: What constitutes a quorum for a special meeting?

A: The quorum requirement for each company's special meeting is the presence in person or by proxy of a majority of the total number of outstanding shares of common stock entitled to vote.

Q: How do the boards of directors of NBT and Alliance recommend I vote?

A: After careful consideration, each of the NBT and Alliance boards of directors unanimously recommend that all of their respective stockholders vote **FOR** adoption and approval of the merger agreement, and **FOR** the adjournment proposal, if necessary. The Alliance board of directors also recommends that shareholders vote **FOR** approval, on an advisory (non-binding) basis, of the golden parachute

compensation payable to Alliance's named executive officers in connection with the merger.

Q: Are there any risks that I should consider in deciding whether to vote for adoption and approval of the merger agreement?

A: Yes. You should read and carefully consider the risk factors set forth in the section in this joint proxy statement/prospectus entitled Risk Factors beginning on page 29 as well as the other information

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contained in or incorporated by reference into this joint proxy statement/prospectus, including the matters addressed in the section of this joint proxy statement/prospectus titled "Information Regarding Forward-Looking Statements" on page 33.

Q: Why am I being asked to cast an advisory (non-binding) vote to approve the golden parachute compensation payable to certain Alliance officers in connection with the merger?

A: The Securities and Exchange Commission, or SEC, in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, adopted rules that require Alliance to seek an advisory (non-binding) vote with respect to certain payments that will or may be made to Alliance's named executive officers in connection with the merger. See "The Merger: Interests of Alliance's Directors and Executive Officers in the Merger" beginning on page 64 and "Proposal II: Advisory (Non-Binding) Vote on Golden Parachute Compensation" beginning on page 82.

Q: What will happen if Alliance shareholders do not approve the golden parachute compensation at the special meeting?

A: Approval of the golden parachute compensation payable in connection with the merger is not a condition to completion of the merger. The vote with respect to the golden parachute compensation is an advisory vote and will not be binding on Alliance regardless of whether the merger agreement is adopted and approved. Accordingly, as the compensation to be paid to the Alliance executives in connection with the merger is contractual, such compensation will or may be payable if the merger is completed regardless of the outcome of the advisory vote.

Q: What do I need to do now?

A: You should carefully read and consider the information contained in or incorporated by reference into this joint proxy statement/prospectus, including its annexes. It contains important information about the merger, the merger agreement, NBT and Alliance. After you have read and considered this information, you should complete and sign your proxy card and return it in the enclosed postage-paid return envelope or submit a proxy through the Internet or by telephone as soon as possible so that your shares will be represented and voted at your company's special meeting.

Q: How may I vote my shares for the special meeting proposals presented in this joint proxy statement/prospectus?

A: You may vote by accessing the Internet website or calling the telephone number specified on the proxy card or by completing, signing, dating and returning the proxy card in the enclosed postage-paid envelope as soon as possible. This will enable your shares to be represented and voted at your company's special meeting.

Q: If my shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee automatically vote my shares for me?

A: No. Your broker, bank or other nominee *will not* vote your shares unless you provide instructions to your broker, bank or other nominee on how to vote. You should in