

NEWBRIDGE BANCORP

1501 Highwoods Blvd., Suite 400, Greensboro, NC 27410, 336-369-0900, Fax 336-369-0937

March 5, 2009

Via U.S. Mail and E-Mail (SIGTARP.response@do.treas.gov)

Neil M. Barofsky
Special Inspector General
Office of the Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Avenue, N.W.
Suite 1064
Washington, D.C. 20220

Dear Mr. Barofsky:

This letter is in response to your requests of February 6, 2009 for information concerning TARP funds received by NewBridge Bancorp (“NewBridge”) under the Capital Purchase Program (“CPP”). The responses below generally track the requests in your February 6th letter. NewBridge is a bank holding company headquartered in Greensboro, North Carolina. Our bank subsidiary is NewBridge Bank. We are a public company listed on the Nasdaq Global Select Market. We operate in 22 communities in North Carolina and Virginia through 37 locations.

1. Narrative Response.

a. At the time that we filed our application to participate in the CPP, we anticipated that we would use the proceeds of the Treasury’s purchase of Preferred Stock under the CPP to enhance our risk-based capital ratio, to enhance our support of our communities by re-balancing

(b) (4)

b. The CPP funds received by NewBridge were not segregated from our other “institutional funds”. It should be noted that funds received by banks from capital infusions, earnings, borrowings and deposits are largely fungible within the reality of how banks acquire funding for utilization in doing business. They are not segregated into different physical accounts, but are combined for application to lending, investments and operations.

c. NewBridge has used the funds received under the CPP program to enhance our risk-based capital ratio:

	<u>November 30, 2008</u>		<u>December 31, 2008</u>		<u>January 31, 2009</u>	
	<u>Bank</u>	<u>HC</u>	<u>Bank</u>	<u>HC</u>	<u>Bank</u>	<u>HC</u>
Tier I Leverage Ratio	7.11%	7.24%	7.98%	9.39%	7.93%	9.31%
Tier I Risk Based Capital Ratio	8.39%	8.53%	9.50%	11.15%	9.42%	11.04%
Total Risk Based Capital Ratio	9.66%	9.80%	10.77%	12.42%	10.68%	12.31%

NewBridge's goal of using funds received under the CPP program to enhance our support of our communities has been only partially achieved. We have enhanced our mortgage lending in line with the demand in our markets:

	<u>November 30, 2008</u>	<u>January 31, 2009</u>
Mortgage/Home Equity Line	\$459,153,000	\$468,766,000

It should be noted, however, that the \$9,613,000 increase shown is not an absolute number. This amount does not include mortgages sold in the secondary market and does not include home equity revolving credit lines opened but not fully funded.

Our efforts to increase small and mid-sized business lending have been hampered by the severely depressed economies of our primary markets. The deterioration of the real estate market began in 2007 and accelerated in 2008. In late 2008, however, we began to see significant and accelerated weakening in our small and mid-sized business markets in North Carolina. Opportunities to expand our presence in these markets have simply contracted at a remarkable pace. Nevertheless, we recently began an initiative to expand our guaranteed lending program through the Small Business Administration (SBA). We have identified lenders who can be trained in SBA lending, who will network with the SBA and with Community Development Corporations and who will consult with small business owners. We also will work with the SBA on obtaining Preferred Lender status by the end of the second quarter of 2009.

Moreover, a significant portion of the CPP funds received by NewBridge has been consumed by the net losses resulting from provisions for credit losses necessitated by the deterioration of our real estate markets and the subsequent weakening in our small and mid-sized business markets.

(b) (4)

(b) (4)

d. We do not understand the use of the word “unspent”. The CPP funds received have not been “spent”. They have been invested. Of the \$52,372,000 in CPP funds provided by the Treasury to NewBridge, \$26,000,000 were invested by NewBridge as equity in its subsidiary, NewBridge Bank, and immediately (along with other dollars from other funding sources) committed to lending. The remainder was retained at the NewBridge level and invested in a variety of instruments. It is anticipated that the portion held at the NewBridge level will be re-positioned in NewBridge Bank in the coming months and deployed in lending activities. These funds were initially invested in a variety of instruments because of NewBridge’s inability to predict at what point the decline in real estate values and the deterioration would begin to level out. As a result, we remained concerned that our capital ratios would continue to be reduced. It is hoped that real estate values and the economy begin their recoveries during the latter part of 2009 and that NewBridge will be able to commit a greater portion of its liquid assets to lending activity at that time.

Because of the concentration of distressed commercial real estate development and other types of real estate loans in NewBridge’s portfolio, we experienced increasing loan losses throughout 2008. Absent our receipt of capital investment under the CPP program, NewBridge’s risk-based capital ratio would have been reduced to less than 10% at December 31, 2008. If NewBridge had not been able to maintain a well-capitalized status through the receipt of funds under the CPP program, our ability to compete for deposit dollars in markets dominated by Wachovia (and subject to its far above market pricing) would have been severely and adversely impacted and our ability to obtain deposits in the wholesale market would have been prohibited. The result would have been that NewBridge would have virtually ceased to make loans in our markets.

2. Executive Compensation Response.

The Compensation Committee of the Board of Directors of NewBridge met on February 19, 2009 with the Chief Risk Officer of NewBridge. As required by Section 111 of the Economic Stabilization Act of 2008 (the “Act”) and 31 C.F.R. Part 30 promulgated thereunder (“Part 30”), the Committee:

- reviewed the incentive compensation arrangements for NewBridge’s senior executive officers (“SEOs”) with NewBridge’s Chief Risk Officer to identify the features in such arrangements that could lead the SEOs to take unnecessary and excessive risks that could threaten the value of NewBridge and to evaluate steps to be taken to ensure that such SEOs are not encouraged to take such risks;

- discussed and reviewed with the Chief Risk Officer the relationship between NewBridge's risk management policies and practices and the incentive compensation arrangements of NewBridge's SEOs; and
- considered whether it was appropriate to certify that it has correctly completed the above reviews and is able to certify that such arrangements do not encourage the taking of such risks, and concluded that it can make such certifications.

The Committee noted:

- The NewBridge Bancorp Management Incentive Plan (cash award plan) (copy attached):
 - > All five SEOs participated in 2008. The President/Chief Executive Officer and the Chief Financial Officer were assigned goals related to achievement of pre-determined net income, efficiency ratio and assets/full time employee ratio targets. The three remaining SEOs were assigned these goals, as well as individual goals related to achievement of performance metrics pertaining to their areas of responsibility. None were assigned loan growth only metrics, nor were loan growth metrics predominant for any SEO.
 - > The Management Incentive Plan has been suspended for 2009.
- The NewBridge Bancorp Amended and Restated Equity Compensation Plan (being used as a restricted stock award plan) (copy attached, as well as a copy of restricted stock award agreement).
 - > All five SEOs were participants in 2008 and are participants for 2009.
 - > All awards are restricted stock grants and are pro rata performance vesting based on (one-third each) deposit growth, non-performing asset level, and return on average total assets metrics.

The Committee concluded that the metrics used are predominantly focused on performance criteria significantly unlikely to cause SEOs to take unnecessary and excessive risks that could threaten the value of NewBridge.

The Committee has generally reviewed the provisions of Section 111 of the Act and Part 30. It is not aware of any changes to executive compensation arrangements designed to offset limitations contained therein.

Neil M. Barofsky
Special Inspector General
March 5, 2009
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The undersigned executive officer, being hereunto duly authorized, hereby certifies the accuracy of the foregoing statements and representations, including those in the supporting information provided herewith, subjected to the requirements and penalties set forth in Title 18 U.S.C. Section 1001.

Very truly yours,



Pressley A. Ridgill
President and Chief Executive Officer

NEWBRIDGE BANCORP
MANAGEMENT INCENTIVE PLAN

Effective January 1, 2008

Article I
Purpose

The NewBridge Bancorp Management Incentive Plan (the "Plan") provides an opportunity for selected key employees of NewBridge Bancorp. ("NBB") and its subsidiaries to earn awards for the achievement of specific corporate and individual performance goals. The specific purposes of the Plan are:

- A) To attract and retain key employees;
- B) To increase key employees' attention to the achievement of specific goals related to the rate of return on the assets of NBB thereby enhancing the profitability of NBB; and
- C) To reward key employees for their individual and combined contributions to the achievement of specific performance objectives and strategic goals.

Article II
Definitions

The following words or terms used in the Plan and its Exhibits have the indicated meanings:

- 2.1 Beneficiary means a person or entity designated by a Participant to receive the payment of a Participant's entitlements under the Plan (if any) following the Participant's death. If there is no valid designation of a Beneficiary at the time of the Participant's death, or if no designated Beneficiary is living or in existence at the time of the Participant's death, the Participant's estate shall be the Beneficiary.
- 2.2 Committee means the Compensation Committee of the Board.
- 2.3 Earned Incentive Award means the actual award a Participant is entitled to receive determined in accordance with Article V.
- 2.4 Eligible Employee means a key management employee of NBB or a Subsidiary, as determined by the Committee in its discretion. An individual is a key management employee of NBB or a Subsidiary if the Committee determines that he or she is in a position to affect materially the profitability of NBB or a

Subsidiary by reason of the nature and extent of such employee's management duties and responsibilities.

- 2.5 NBB means NewBridge Bancorp.
- 2.6 Maximum Incentive Award means the maximum award a Participant is entitled to receive under the Plan for a Plan Year, equal to 175% of the Participant's Target Incentive Award for such Plan Year.
- 2.7 Measurement Factor means a Target Incentive Award, Maximum Incentive Award, Objective, assigned weight, threshold, target or other criteria, goal, limitation, condition or measure relevant in calculating a Participant's Earned Incentive Award for the Plan Year.
- 2.8 Net Income means after-tax net income for NBB for the Plan Year, as determined by the independent certified public accountants of NBB in accordance with generally accepted accounting principles. Net Income for a Plan Year shall reflect accruals of Earned Incentive Awards under the Plan for such Plan Year.
- 2.9 Objectives are performance measures (individual, department, division, subsidiary, or bankwide) assigned by the Committee for measuring performance and calculating a Participant's Earned Incentive Award.
- 2.10 Participant means an Eligible Employee designated by the Committee to Participate in the Plan. For the 2008 Plan Year, Plan Participants and their respective Target and Maximum Incentive Award levels for the year are listed in Exhibit B.
- 2.11 Plan means the NBB Management Incentive Plan.
- 2.12 Plan Year means the calendar year.
- 2.13 Subsidiary means NewBridge Bank and any other entity whose balance sheet and financial results are included as part of NBB's consolidated financial statements for the Plan Year.
- 2.14 Target Incentive Award means the baseline target award amount the Committee designates for the Participant for the Plan Year.
- 2.15 Termination Event means:
- A) Death of Participant while employed by NBB or a Subsidiary;
 - B) Retirement of the Participant from NBB or a Subsidiary after satisfying the conditions for normal or early retirement under the NewBridge Bank Employees' Pension Plan; or

- C) Disability of the Participant while employed by NBB or a Subsidiary. For this purpose, the Participant shall be considered “disabled” only if the Participant:
- (i) Is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or
 - (ii) Is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant’s employer.

Article III
Participation

3.1 Designation of Participants:

- A) Prior to the beginning of each Plan Year, the Committee shall select the Eligible Employees who shall become Plan Participants with respect to such Plan Year. In designating an Eligible Employee as a Participant for a Plan Year, the Committee shall also determine each of the Measurement Factors that will be applicable to the Participant for the Plan Year.
- B) An individual selected for participation in this Plan shall not be eligible to participate in other annual incentive plans of NBB or its Subsidiaries, unless participation in the other plan is approved by the Committee.
- C) In the event of a Participant’s promotion or demotion during a Plan Year, the Committee in its discretion may change the Participant’s Measurement Factors for the remainder of the Plan Year. If the Committee changes a Measurement Factor, a prorated Measurement Factor will be determined based on the number of completed months before and after the promotion or demotion. For example, if a promotion takes place at the end of May (five complete months in the old job and seven months in the new job), each original Measurement Factor is multiplied by 5/12ths, each of the new Measurement Factors is multiplied by 7/12ths, and for each Measurement Factor the resulting amounts are added together to determine the prorated Measurement Factor for the Plan Year.
- D) If an Eligible Employee is designated as a new Participant during the Plan Year, his Measurement Factors are calculated by multiplying the annualized Measurement Factors by the ratio of full months of participation in the Plan and 12. For example, if an Eligible Employee becomes a Participant in mid-April and participates through the end of the

Plan Year, he would have eight full months of participation and his annualized Target and Maximum Incentive Award are multiplied by 8/12ths to determine his prorated Target and Maximum Incentive Award for the year.

- 3.2 Terms and Conditions of Participation. Participation in the Plan shall be subject to the provisions of the Plan. Participation with respect to a Plan Year may be evidenced by the delivery to the Participant of an Incentive Participation Certificate, a specimen of which is attached to the Plan as Exhibit A.

Article IV **Objectives**

- 4.1 Setting Objectives. Annually, the Committee sets Objectives for the Plan. Objectives may be selected for various organizational levels (e.g., holding company, bank, subsidiary, department, division) and on an individual job or Participant basis. Objectives are selected from those organizational and individual performance measures that support NBB's strategy, contribute to strong financial and operating results, and support the creation of value for shareholders.
- 4.2 Performance Ranges for Objectives. For each Objective in the Plan, the Committee sets a Threshold and Target Performance level (as defined in Article V). The CEO, assisted by members of senior management, works with the Committee in determining appropriate performance levels.
- 4.3 Weighting Objectives. Annually, the Committee assigns a weight to each Objective. The total weight assigned to all Objectives at the Target Performance levels shall equal 100%. Weights may differ from Participant to Participant in order to reflect the relative importance of specific Objectives to the individual Participant. Weights assigned to Objectives for different Participant groups for the 2008 Plan Year are shown in Exhibit C.

Article V **Incentive Awards**

- 5.1 Definitions. For purposes of this Article V, the following definitions shall apply:
- A) "Actual Net Income" means the Net Income actually achieved by NBB for the Plan Year.
 - B) "Target Performance" for a particular Objective means the level of results required to earn the full Target Incentive Award for that Objective. The Target Incentive Award for a particular Objective is a Participant's overall Target Incentive Award multiplied by the weight assigned to that Objective.

- C) "Threshold Net Income" means the Actual Net Income required for the Plan Year before any portion of the Target Incentive Award will be paid with respect to Objectives other than individual Objectives. If Actual Net Income is less than Threshold Net Income for the Plan Year, no portion of the Target Incentive Awards will be paid with respect to Objectives other than individual Objectives. The Threshold Net Income with respect to the Plan Year shall be determined by the Committee prior to the first day of such Plan Year.
- D) "Threshold Performance" for a particular Objective means the level of results required before any portion of the Target Incentive Award will be paid with respect to that Objective.

5.2 Determination of Applicable Percentage for Each Objective.

- A) Notwithstanding the provisions of paragraphs (B), (C) and (D) below, if Actual Net Income is less than Threshold Net Income for the Plan Year, the applicable percentage for each Objective that is not an individual Objective shall be zero.
- B) If results are equal to or below Threshold Performance for the Objective, no incentive is earned for that Objective and the applicable percentage is zero.
- C) If results fall between Threshold and Target Performance for the Objective, the applicable percentage related to the Objective shall be calculated by *multiplying* the weight assigned to the Objective by the amount calculated using the following formula: (Actual Performance *minus* Threshold Performance) *divided by* (Target Performance *minus* Threshold Performance).
- D) If results exceed Target Performance for the Objective, the applicable percentage related to the Objective shall be equal to the weight assigned to the Objective *plus* an amount calculated using the following formula: ((Actual Performance *divided by* Target Performance) *minus* 1) *multiplied by* 2.5 *multiplied by* the assigned weight.

- 5.3 Determination of the Overall Earned Incentive Award. The Participant's Earned Incentive Award for the Plan Year shall equal his Target Incentive Award *multiplied by* the percentage equal to the sum of the applicable percentages calculated pursuant to Sections 5.2 and 5.3 above for each individual Objective. If the sum of the applicable percentages exceeds 175%, the Earned Incentive Award shall not exceed the Participant's Maximum Incentive Award.

Article VI

Termination of Employment or Eligibility During Plan Year

- 6.1 Termination of Employment for Reasons Other Than a Termination Event. The Participant shall not receive an Earned Incentive Award with respect to a Plan Year if, for reasons other than a Termination Event, the Participant is not an employee of NBB or a Subsidiary on the last day of the Plan Year.
- 6.2 Termination of Eligibility. If the duties or position of the Participant are changed during the Plan Year so that he is no longer an Eligible Employee as of the last day of the Plan Year, the Participant shall not receive an Earned Incentive Award for the Plan Year.
- 6.3 Termination on Account of Termination Event. In the event of a Termination Event, the Participant (or his Beneficiary if the Participant is deceased) shall receive an Earned Incentive Award with respect to such Plan Year equal to the amount determined under Article V, multiplied by a fraction, the numerator of which is the number of full calendar months during the Plan Year in which he was a Participant prior to the Termination Event and the denominator of which is twelve.

Article VII
Payment of Earned Incentive Awards

A Participant's Earned Incentive Award for a Plan Year shall be paid in a single sum in cash to the Participant by NBB (or by the Subsidiary that is the Participant's employer) on or before March 15 immediately following the end of such Plan Year.

Article VIII
Payment Following Participant's Death

- 8.1 Designation of Beneficiary.
- A) Each Participant may designate a Beneficiary to receive any benefits due under the Plan upon the Participant's death. The Beneficiary designation must be made by executing a Beneficiary designation form approved by NBB for use with this Plan.
 - B) A Participant may change an earlier Beneficiary designation by a executing a new Beneficiary designation form. The execution of a new Beneficiary designation form shall be deemed to be a revocation of any prior Beneficiary designation. No Beneficiary designation will be binding on NBB or its Subsidiaries until an approved Beneficiary designation form is delivered to NBB's Secretary or Assistant Secretary, or such other officer of NBB as may be designated by the Committee.
- 8.2 Payment Following Participant's Death. If a Participant dies before receiving payment of an Earned Incentive Award that he has otherwise earned for a Plan Year, the Earned Incentive Award shall be paid in a single sum to the Participant's Beneficiary on or before March 15 immediately following the Plan Year with respect to which the Earned Incentive Award is payable.

Article IX
Unsecured Benefit

Benefits payable under this Plan are not secured in any fashion, and Participants and Beneficiaries shall be unsecured creditors with respect to such benefits. A Participant shall have no interest in any fund or specified asset of NBB or its Subsidiaries in connection with this Plan. No trust fund shall be created in connection with the Plan or any Earned Incentive Award, and there shall be no required funding of amounts that may become payable under the Plan. Any assets which are or may be set aside by an employer to pay Plan benefits shall remain for all purpose part of the general assets of the employer, and no person other than the employer shall, by virtue of the provision of the Plan, have any interest in such assets.

Article X
Administration of the Plan

The Plan shall be administered by the Committee. The Committee shall have full and complete discretionary authority to administer the Plan, including but not limited to discretionary authority:

- A) to designate the Participants;
- B) to determine Measurement Factors;
- C) to interpret the Plan;
- D) to resolve any ambiguity and supply an omission necessary to carry out the purposes of the Plan;
- E) to make findings of fact and to determine the Earned Incentive Award for each Participant in accordance with the Committee's interpretation of the Plan; and
- F) to prescribe, amend and rescind rules and regulations relating to the Plan.

The Committee's decisions on all matters within its discretion shall be final and binding on all persons.

Article XI
Amendment and Termination of the Plan

The Plan may be amended or terminated at any time by action of the Committee. If the Committee terminates the Plan effective as of a date during a Plan Year, the termination shall be treated as a Termination Event with respect to all Participants, and Earned Incentive Awards shall be paid in accordance with Section 6.3 and Article VII. If the Committee amends the Plan effective as of a date during a Plan Year and the amendment affects eligibility for or the manner of calculating Earned Incentive Awards for the Plan Year, the amendment shall not cause any Participant's Earned Incentive Award for the Plan Year to be less than the amount he would have received if the amendments were treated as a Termination Event as of their effective date.

Article XII
Restrictions on Transfer of Benefits

No right or benefit under the Plan shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge and any attempt to do so shall be void. No right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities or torts of the person entitled to such benefit.

Article XIII
General Provisions

- 13.1 No Right or Obligation of Continued Employment. Nothing contained in the Plan shall require NBB or a Subsidiary to continue to employ the Participant, nor shall the Participant be required to remain in the employment of NBB or a Subsidiary.
- 13.2 Withholding. There shall be deducted from the Earned Incentive Award the amount of any tax or other amount required by any governmental authority to be withheld and paid over by NBB to such authority for the account of the person entitled to such payment.
- 13.3 Plan Not Intended to Provide Deferred Compensation. The terms and provisions of the Plan are not intended to provide for the deferral of compensation.
- 13.4 Binding on Successors. The obligations of NBB and its Subsidiaries under the Plan shall be binding upon their respective successors and assigns.
- 13.5 Applicable Law. The Plan shall be governed by and construed in accordance with the laws of the State of North Carolina.

Adopted by the Compensation Committee of the Board of Directors of NewBridge Bancorp on the ___th day of _____, 200_.

NEWBRIDGE BANCORP

AMENDED AND RESTATED

COMPREHENSIVE EQUITY COMPENSATION PLAN FOR DIRECTORS AND EMPLOYEES

Section 1. Purpose.

The purpose of the NewBridge Bancorp Amended and Restated Comprehensive Equity Compensation Plan for Directors and Employees (formerly the LSB Bancshares, Inc. Comprehensive Equity Compensation Plan for Directors and Employees) (the "Plan") is to provide an incentive to employees of NewBridge Bancorp (successor to LSB Bancshares, Inc.) (the "Company") and its subsidiaries to achieve long-range goals, to aid in attracting and retaining employees and directors of outstanding ability and to closely align their interests with those of shareholders. This Plan amends and restates the LSB Bancshares, Inc. Comprehensive Equity Compensation Plan for Directors and Employees approved on April 21, 2004 (the "2004 Plan"), which, in turn, replaced the following plans: the 1994 Director Stock Option Plan, the 1986 Employee Incentive Stock Option Plan, the 1996 Omnibus Stock Incentive Plan and the LSB Bancshares, Inc. Amended and Restated Deferred Compensation Plan for Directors (collectively, the "Prior Plans"). No further awards or grants shall be provided under the Prior Plans on or after the effective date of this Plan, but any awards or grants provided under the Prior Plans prior to the effective date of this Plan shall remain outstanding in accordance with their respective terms. This Plan is being amended and restated in order to bring the 2004 Plan into compliance with Section 409A of the Internal Revenue Code, including regulations and guidance issued thereunder ("Section 409A").

Section 2. Effective Date of Plan.

Except as otherwise provided herein, the Plan as amended and restated shall be effective on the date of its approval by the Board.

Section 3. Eligibility.

- (a) Any individual who is employed by (including any officer) or who serves as a member of the board of directors of the Company or any Affiliate shall be eligible to be selected to receive an Award under the Plan.
- (b) An individual who has agreed to accept employment by the Company or an Affiliate shall be deemed to be eligible for Awards hereunder as of the date of such agreement.
- (c) Holders of options and other types of equity-based awards granted by any entity acquired by the Company or with which the Company combines are eligible for grant of Substitute Awards hereunder.

Section 4. Administration.

- (a) The Plan shall be administered by the Committee. The Committee shall be appointed by the Board and shall consist of not less than three directors, each of whom shall be independent, within the meaning of and to the extent required by applicable rulings and interpretations of the National Association of Securities Dealers, Inc. and the Securities and Exchange Commission, and each of whom shall be a "Non-Employee Director", as defined from time to time for purposes of Section 16 of the Securities Exchange Act of 1934 and the rules promulgated

thereunder. The Board may designate one or more directors who meet the above criteria as alternate members of the Committee who may replace any absent or disqualified member at any meeting of the Committee. The Committee may issue rules and regulations for administration of the Plan. It shall meet at such times and places as it may determine.

(b) Subject to the terms of the Plan and applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards (including Substitute Awards) to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or with respect to which payments, rights, or other matters are to be calculated in connection with) Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, shares, other securities, other Awards, or other property, or canceled, forfeited or suspended, and the methods by which Awards may be settled, exercised, canceled, forfeited or suspended; (vi) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan (provided that any portion of the Plan, instrument or agreement subject to Section 409A shall be interpreted and administered in compliance with Section 409A); (vii) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (viii) make any determination and take any action that the Committee deems necessary or desirable in connection with the administration of the Plan; provided, however, that any actions and/or determinations by the Committee shall comply with Section 409A to the extent Section 409A applies to Awards under the Plan and any portions of the Plan.

(c) All decisions of the Committee shall be final, conclusive and binding upon all parties, including the Company, any Affiliates, the shareholders and the Participants.

Section 5. *Shares Available For Awards.*

(a) Subject to adjustment as provided in this Section 5, a total of Seven Hundred and Fifty Thousand (750,000) Shares shall be available for issuance pursuant to Awards under the Plan.

(b) If, after the effective date of the Plan, any Shares covered by an Award other than a Substitute Award, or to which such an Award relates, are forfeited, or if such an Award otherwise terminates without the delivery of Shares or of other consideration, then the Shares covered by such Award, or to which such Award relates, to the extent of any such forfeiture or termination, shall again be, or shall become, available for issuance under the Plan. Notwithstanding the foregoing, to the extent an Award granted hereunder is payable under the express terms of the Award Agreement entirely in cash or cash installments, the Shares to which the Award relates shall not count against the limitation specified in Section (a) and any subsequent payment, exercise, forfeiture, cancellation or other disposition of such an Award shall not result in any adjustments in the Shares available for issuance pursuant to this Section 5.

(c) In the event that any Option or other Award granted hereunder (other than a Substitute Award) is exercised through the delivery of shares, or in the event that withholding tax liabilities arising from such Option or Award are satisfied by the withholding of Shares by the Company, the number of Shares available for Awards under the Plan shall be increased by the number of Shares so surrendered or withheld.

(d) Any shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares.

(e) In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or property) which thereafter may be made the subject of Awards, including the aggregate limit specified in Section 5(a), (ii) the number and type of Shares (or other securities or property) subject to outstanding Awards, and (iii) the grant, purchase, or exercise price with respect to any Award, or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; provided, however, that the number of Shares subject to any Award denominated in Shares shall always be a whole number. Provided, however, that no adjustment shall be made if the adjustment would cause an Award that is not subject to Section 409A prior to the adjustment become subject to Section 409A as a result of the adjustment.

(f) Shares underlying Substitute Awards shall not count against the limit specified in Section 5(a) and shall not reduce the number of Shares remaining available for issuance under the Plan.

Section 6. *Options.*

(a) The Committee is hereby authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine.

(b) The purchase price per Share under an Option shall be determined by the Committee; provided, however, that except in the case of Substitute Awards, such purchase price shall not be less than the Fair Market Value of a Share on the date of grant of such Option. The granting of discounted Non-Qualified Stock Options is expressly prohibited under this Plan.

(c) The term of each Option shall be fixed by the Committee but shall not exceed 10 years from the date of grant thereof.

(d) The Committee shall determine the time or times at which an Option may be exercised in whole or in part, and the method or methods by which, and the form or forms, including, without limitation, cash, Shares, other Awards, or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the relevant exercise price, in which payment of the exercise price with respect thereto may be made or deemed to have been made.

(e) The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the following provisions to the extent necessary to satisfy the requirements of Section 422 of the Code:

(i) Incentive Stock Options shall be granted only to Participants who are employees described in Section 422(a)(2) of the Code.

- (ii) The Incentive Stock Option exercise price per Share shall be set in the Award Agreement, and shall not be less than one hundred percent (100%) of the Fair Market Value of a Share at the time of the grant.
 - (iii) The Incentive Stock Option shall expire not later than 10 years after the grant date, or such shorter period as may be specified in the Award Agreement. In addition, the Incentive Stock Option shall lapse and cease to be exercisable no later than three months following the participant's termination of Service, unless:
 - A. the Participant's termination of Service is a result of death or Disability, in which event the Incentive Stock Option shall lapse and cease to be exercisable no later than one year after the date of death or Disability; or
 - B. the Participant dies following the termination of Service and while the Incentive Stock Option is still exercisable, in which event the Incentive Stock Option shall lapse and cease to be exercisable no later than one year after the date of death.
 - (iv) The aggregate Fair Market Value, determined as of the Option grant date, of the Shares with respect to which Incentive Stock Options are first exercisable during any calendar year by any Participant shall not exceed one hundred thousand dollars (\$100,000). However, to the extent permitted under Section 422 of the Code, if the exercisability of an Incentive Stock Option is accelerated by reason of a Change in Control, or otherwise pursuant to Section 6(f) or Section 12(b), any portion of such Option that is not exercisable as an Incentive Stock Option by reason of the one hundred thousand (\$100,000) limitation shall be treated as a Non-Qualified Stock Option.
 - (v) Incentive Stock Options shall be granted only to an eligible Participant who, at the time of the Option grant date, does not own stock possessing more than 10% of the total combined voting power of all classes of stock of the Company; provided, however, the foregoing restriction shall not apply if at the time of the Option grant date the exercise price per Share for the Option is at least one hundred and ten percent (110%) of the Fair Market Value of a Share on the grant date and such Incentive Stock Option by its terms is not exercisable after the expiration of five (5) years from the Option grant date.
 - (vi) Subject to the Plan-wide Award limit specified in Section 5(a), the maximum number of Shares subject to Incentive Stock Option Awards shall be Five Hundred Thousand (500,000). This Incentive Stock option limitation shall be subject to adjustment as provided in Section 5(e), but shall not be otherwise subject to adjustment for forfeited, cancelled or exercised Incentive Stock Options.
 - (vii) The Committee may adopt any other terms and conditions which it determines should be imposed for the Incentive Stock option to qualify under Section 422 of the Code and any regulations promulgated thereunder.
- (f) The provisions of this Section 6(f) shall apply only to a Participant's Employee Awards. Except as otherwise provided in the Award Agreement for the Option, and subject to any further limitations imposed by Section 6(e) in the case of any Incentive Stock Option:

- (i) upon a Participant's Involuntary Termination for Cause (including but not limited to an Involuntary Termination for Cause that occurs after the Participant would otherwise have been eligible for Retirement), all Options held by the Participant under Employee Awards shall be canceled as of the date of termination.
 - (ii) upon a Participant's termination of Service on account of Disability, a Participant's voluntary termination of Service on account of Retirement, or a Participant's Involuntary Termination without Cause, each Option held by the Participant under an Employee Award shall be exercisable to the extent of the total number of Shares subject to the Option, irrespective of the extent to which such Option would otherwise have been exercisable at the date of Retirement or Disability pursuant to the terms of the applicable Award Agreement, and such Option shall otherwise remain in full force and effect in accordance with its terms.
 - (iii) upon a Participant's termination of Service on account of death, each Option held by the Participant under an Employee Award shall be exercisable by the Participant's estate, or by any individual who acquires the right to exercise such Option by reason of the Participant's death, to the extent of the total number of Shares subject to the Option, irrespective of the extent to which such Option would have otherwise been exercisable at the date of death pursuant to the terms of the applicable Award Agreement, and such Option shall otherwise remain in full force and effect in accordance with its terms.
 - (iv) upon a Participant's voluntary termination of Service for any reason other than Retirement, death or Disability, Options held by the Participant under an Employee Award shall remain exercisable only for 90 days after such termination (but not after the expiration date of such Options), and only to the extent such Options were exercisable at the date of termination pursuant to the terms of the applicable Award Agreement. However, if the Participant should die within the 90 day period after such termination of Service, the Options held by the Participant under an Employee Award may be exercised by the Participant's estate, or by any individual who acquires the right to exercise by reason of the Participant's death, at any time within a period of one year after the date of death (but not after the expiration date of the Options) to the extent such Options were exercisable at the date of termination pursuant to the terms of the applicable Award Agreement.
- (g) The provisions of this Section 6(g) shall apply only to a Participant's Director Awards. Except as otherwise provided in the applicable Award Agreement:
- (i) upon the termination of the Participant's Service as a director for any reason after Normal Retirement or at any time by reason of death or Disability, any unexercised Non-Qualified Stock Options granted under a Director Award shall be exercisable to the extent of the total number of Shares subject to the Option, irrespective of the extent to which such Option would otherwise have been exercisable at the date of termination pursuant to the terms of the applicable Award Agreement, and such Option shall otherwise remain in full force and effect in accordance with its terms. In the case of the Participant's death, the Option may be exercised by the Participant's estate, or by any individual who acquires the right to exercise by reason of the Participant's death.

- (ii) upon the termination of the Participant's Service as a director prior to Normal Retirement for any reason other than death or Disability, any unexercised Non-Qualified Stock Options granted under a Director Award shall remain exercisable only for 90 days after such termination pursuant to the terms of the applicable Award Agreement.
- (h) It is intended that the Options issued hereunder fall within the safe harbor provided by Section 409A such that the Options fall outside the scope of Section 409A and are not required to comply with the Section 409A requirements. This Plan, the Award Agreements, and the Options will be administered and interpreted in a manner consistent with the intent set forth in this Section 6(h).
- (i) Options shall not entitle the Participant to any shareholder rights (including voting and dividends) until the Option has been properly exercised, the Participant has paid for the Shares and become a holder of record, and then only with respect to those Shares so purchased.

Section 7. *Restricted Stock And Restricted Stock Units.*

- (a) The Committee is hereby authorized to grant Awards of Restricted Stock and Restricted Stock Units to Participants.
- (b) Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose, which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate.
- (c) Any share of Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of shares of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock.
- (d) The provisions of this Section 7(d) shall apply only to a Participant's Employee Awards of Restricted Stock and Restricted Stock Units, except as otherwise provided in the Award Agreement.
 - (i) upon a Participant's termination of Service on account of death or Disability, a Participant's voluntary termination of Service on account of Retirement, or a Participant's Involuntary Termination without Cause, any and all remaining restrictions with respect to Shares of Restricted Stock or Restricted Stock Units granted to the Participant under Employee Awards shall lapse.
 - (ii) upon a Participant's voluntary termination of Service for any reason other than Retirement, death or Disability, all Shares of Restricted Stock or Restricted Stock Units held by the Participant under Employee Awards shall be forfeited as of the date of termination.
 - (iii) upon a Participant's Involuntary Termination for Cause (including but not limited to an Involuntary Termination for Cause that occurs after the participant would otherwise have been eligible for Retirement), all Shares of Restricted Stock or

Restricted Stock Units held by the Participant under Employee Awards shall be forfeited as of the date of termination.

(e) The provisions of this Section 7(e) shall apply only to a Participant's Director Awards of Restricted Stock and Restricted Stock Units, except as otherwise provided in the applicable Award Agreement:

- (i) upon the termination of the Participant's Service as a director for any reason after Normal Retirement or at any time by reason of death or Disability, any and all remaining restrictions with respect to Shares of Restricted Stock or Restricted Stock Units granted to the Participant under Director Awards shall lapse.
- (ii) upon the termination of the Participant's Service as a director prior to Normal Retirement for any reason other than death or Disability, all shares of Restricted Stock or Restricted Stock Units held by the Participant under Director's Awards shall be forfeited as of the date of termination.

(f) The provisions of this Section 7(f) apply only to an Award of Restricted Stock. Awards of Restricted Stock shall only become unrestricted and vest in the Participant in accordance with such vesting schedule relating to the service performance restriction applicable to such Restricted Award as set forth in the relevant Award Agreement. The restriction period shall be two (2) years and one day of continued service with the Company (i) as an employee or (ii) as a director, as applicable, after the date on which such Award is granted unless the Award Agreement specifically provides otherwise. The Committee may, in its discretion, establish a shorter restriction period by specifically providing for such shorter period in the Award Agreement; however, in no event shall the restriction period be less than one (1) year and one day of continued service with the Company (i) as an employee or (ii) as a director, as applicable, after the date on which such Award is granted. During the restriction period applicable to an Award of Restricted Stock, such Award shall be unvested and a Participant may not sell, assign, transfer, pledge, encumber or otherwise dispose of or hypothecate such Award. Upon satisfaction of the vesting schedule and any other applicable restrictions, terms and conditions, the Participant shall be entitled to receive delivery of shares of unrestricted stock representing the Shares of Restricted Stock that have become vested and unforfeitable on or before the thirtieth (30th) day following vesting.

(g) The provisions of this Section 7(g) apply only to an Award of Restricted Stock Units. Once the restrictions imposed on an Award of Restricted Stock lapse and the Restricted Stock Units are vested, the Shares will be delivered to the Participant on or before the thirtieth (30th) day following vesting. Provided, however, that if Section 409A applies to an Award of Restricted Stock Units and the Participant is a Specified Employee at the time of vesting, the Shares shall not be delivered until the first day of the seventh (7th) month following the month in which vesting occurs.

(h) It is intended that all Awards of Restricted Stock and Restricted Stock Units fall within the restricted stock and/or short term deferral exemptions provided by Section 409A such that the Awards fall outside the scope of Section 409A and are not required to comply with the Section 409A requirements. This Plan, the Award Agreements, and the Awards of Restricted Stock and/or Restricted Stock Units will be administered and interpreted in a manner consistent with the intent set forth in this Section 7(h).

(i) Unless specifically provided otherwise in the Award Agreement, neither Awards of Restricted Stock nor Awards of Restricted Stock Units shall entitle the Participant to any shareholder rights (including voting and dividends) until the Awards have fully vested, and Shares have been released from all restrictions in the case of Restricted Stock, and Shares have been delivered to the Participant in the case of Restricted Stock Units.

Section 8. Performance Units.

- (a) The Committee is hereby authorized to grant Awards of Performance Units to Participants.
- (b) Subject to the terms of the Plan, a Performance Unit granted under the Plan (i) may be denominated or payable in cash, Shares including, without limitation, Restricted Stock), other securities, other Awards, or other property and (ii) shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Unit, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish and set forth in the Award Agreement. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Unit granted and the amount of any payment or transfer to be made pursuant to any Performance Unit shall be determined by the Committee.
- (c) The performance period established by the Committee and set forth in the Award Agreement must be at least twelve consecutive months.
- (d) Performance periods may overlap each other from time to time, and the Committee may set different performance periods for different performance goals.
- (e) The Committee shall establish performance goals for each performance period prior to the commencement of such performance period and the performance goals shall be set forth in the Award Agreement. The Committee shall also establish in the Award Agreement a written schedule or schedules for such Performance Units setting forth the portion of the Award which will be earned or forfeited based on the degree of achievement, or lack thereof, of the performance goals at the end of the relevant performance period(s).
- (f) In setting performance goals, the Committee may use, but shall not be limited to, such measures as total shareholder return, return on average equity, return on average assets, return on average earning assets, net earnings per share growth, comparisons to peer companies, divisional goals, individual or aggregate Participant performance or such other measure or measures of performance as the Committee, in its sole discretion, may deem appropriate.
- (g) The provisions of this Section 8(g) shall apply only to a Participant's Employee Awards for Performance Units. Except as otherwise provided in the Award Agreement:
- (i) in the event of a Participant's voluntary termination of Service on account of Retirement prior to the expiration of any performance period applicable to a Performance Unit granted to the Participant under an Employee Award, the Participant shall be entitled to receive following the expiration of such performance period a pro-rata portion of any amount otherwise payable with respect to, or a pro-rata right to exercise, the Performance Unit.

- (ii) upon a Participant's termination of Service on account of death prior to the expiration of any performance period applicable to a Performance Unit granted to the Participant under an Employee Award, the Participant's estate shall receive a partial payment with respect to, or a partial right to exercise, such Performance Unit, based on the level of progress toward achievement of the applicable performance goals through the date of death as determined by the Committee.
 - (iii) upon a Participant's termination of Service on account of Disability prior to the expiration of any performance period applicable to a Performance Unit granted to the Participant under an Employee Award, the Participant shall receive a partial payment with respect to, or a partial right to exercise, such Performance Unit, based on the level of progress toward achievement of the applicable performance goals through the date of death as determined by the Committee.
 - (iv) upon a Participant's Involuntary Termination without Cause prior to the expiration of any performance period applicable to a Performance Unit granted to the Participant under an Employee Award, the Participant shall receive a partial payment with respect to, or a partial right to exercise, such Performance Unit, based on the level of progress toward achievement of the applicable performance goals through the date of death as determined by the Committee.
 - (v) upon a Participant's voluntary termination of Service for any reason other than Retirement, death or Disability, all Performance Units held by the Participant under an Employee Award shall be canceled as of the date of termination.
 - (vi) upon a Participant's Involuntary Termination for Cause (including but not limited to an Involuntary Termination for Cause that occurs after the participant would otherwise have been eligible for Retirement), all Performance Units held by the Participant under Employee Awards shall be canceled as of the date of termination.
- (h) The provisions of this Section 8(h) shall apply only to a Participant's Director Awards of Restricted Stock and Restricted Stock Units, except as otherwise provided in the applicable Award Agreement:
- (i) upon the termination of the Participant's Service as a director for any reason after Normal Retirement or at any time by reason of death or Disability prior to the expiration of any performance period applicable to a Performance Unit granted to the Participant under Director Award, the Participant (or his estate) shall receive upon such termination a partial payment with respect to, or a partial right to exercise, such Performance Unit, based on the level of progress toward the achievement of the applicable performance goals through such termination as determined by the Committee.
 - (ii) upon the termination of the Participant's Service as a director prior to Normal Retirement for any reason other than death or Disability, all shares of Performance Units held by the Participant under Director's Awards shall be canceled as of the date of termination.
- (i) With respect to each Performance Unit, the Participant shall, if the applicable Performance Goals have been satisfied during the relevant performance period(s), be entitled to receive payment in an amount equal to the designated value of each Performance Unit awarded

times the number of such Performance Units so earned. Payment in settlement of earned Performance Units shall be made on or before the 30th day following the conclusion of the applicable performance period(s) in cash, in shares of unrestricted stock or in Restricted Stock, as the Committee, in its sole discretion, shall determine and provide in the relevant Award Agreement. Provided, however, that if, at the time for payment the Participant is a Specified Employee, payment shall not be made until the first day of the seventh (7th) month following the month in which payment would otherwise have been made.

Section 9. *Stock Appreciation Rights and Other Stock-Based Awards.*

(a) The Committee is hereby authorized to grant to Participants such Awards (including, without limitation, Stock Appreciation Rights and rights to dividends and dividend equivalents) that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares) as are deemed by the Committee to be consistent with the purposes of the Plan. Subject to the terms of the Plan, and subject to Section 409A to the extent it applies to such rights, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 9 shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards, or other property, or any combination thereof, as the Committee shall determine, the value of which consideration, as established by the Committee, shall, except in the case of Substitute Awards, not be less than the Fair Market Value of such Shares or other securities as of the date such purchase right is granted.

(b) The provisions of this Section 9(b) shall apply only to a Participant's Employee Awards of Stock Appreciation Rights or Other Stock-Based Awards. Except as otherwise provided in the Award Agreement for the Stock Appreciation Right or Other Stock-Based Award:

- (i) upon a Participant's Involuntary Termination for Cause (including but not limited to an Involuntary Termination for Cause that occurs after the Participant would otherwise have been eligible for Retirement), all Stock Appreciation Rights and Other Stock-Based Awards held by the Participant under an Employee Award shall be canceled as of the date of termination.
- (ii) upon a Participant's termination of Service on account of Disability, a Participant's voluntary Termination of Service on Account of Retirement, a Participant's Involuntary Termination without Cause, each Stock Appreciation Right and Other Stock-Based Award held by the Participant under an Employee Award, the Participant shall be exercisable to the extent of the total number of Shares subject to the Stock Appreciation Rights or Other Stock-Based Award, irrespective of the extent to which such Award would otherwise have been exercisable at the date of Retirement or Disability pursuant to the terms of the applicable Award Agreement, and such Stock Appreciation Right or Other Stock-Based Award shall otherwise remain in full force and effect in accordance with its terms.
- (iii) upon a Participant's termination of Service on account of death, each Stock Appreciation Right and Other Stock-Based Right held by the Participant under an Employee Award shall be exercisable by the Participant's estate, or by any individual who acquires the right to exercise such Award by reason of the Participant's death, to the extent of the total number of Shares subject to the Stock Appreciation Rights or Other Stock-Based Award, irrespective of the extent to which such Award would otherwise have been exercisable at

the date of Retirement or Disability pursuant to the terms of the applicable Award Agreement, and such Stock Appreciation Right or Other Stock-Based Award shall otherwise remain in full force and effect in accordance with its terms.

- (iv) upon a Participant's voluntary termination of Service for any reason other than Retirement, death or Disability, the Stock Appreciation Rights and Other Stock-Based Awards held by the Participant under an Employee Award shall remain exercisable only for 90 days after such termination (but not after the expiration date of such Awards) to the extent such Awards were exercisable at the date of termination pursuant to the terms of the applicable Award Agreement. However, if the Participant should die within the 90 day period after such termination of Service, the Stock Appreciation Rights and Other Stock-Based Awards held by the Participant under an Employee Award may be exercised by the Participant's estate, or by any individual who acquires the right to exercise by reason of the Participant's death, at any time within a period of one year after the date of death (but not after the expiration date of the Awards) to the extent such Awards were exercisable at the date of termination pursuant to the terms of the applicable Award Agreement.
- (c) The provisions of this Section 9(c) shall apply only to a Participant's Director Awards of Stock Appreciation Rights or Other Stock-Based Awards. Except as otherwise provided in the applicable Award Agreement:
 - (i) upon the termination of the Participant's Service as a director for any reason after Normal Retirement or at any time by reason of death or Disability, any unexercised Stock Appreciation Rights and Other Stock-Based Awards held by the Participant under a Director Award shall be exercisable to the extent of the total number of Shares subject to the Stock Appreciation Rights or Other Stock-Based Award, irrespective of the extent to which such Award would otherwise have been exercisable at the date of termination pursuant to the terms of the applicable Award Agreement, and such Stock Appreciation Rights or Other Stock-Based Award shall otherwise remain in full force and effect in accordance with its terms.
 - (ii) upon the termination of the Participant's Service as a director prior to Normal Retirement for any reason other than death or Disability, all Stock Appreciation Rights and Other Stock-Based Awards held by the Participant under a Director Award shall be canceled as of the date of termination.
- (d) A Participant's Stock Appreciation Rights Award shall not entitle the Participant to dividend equivalents or similar other rights with respect to the Stock Appreciation Rights Award.
- (e) Stock Appreciation Rights Awards, and the related payments to Participants in settlement of vested Stock Appreciation Rights, are intended to be taxed under the provisions of Section 83 of the Code, and are not intended to provide for the deferral of compensation within the meaning of Section 409A. Thus, it is intended that the Stock Appreciation Rights awarded under this Section 9 fall outside the scope of Section 409A and are not required to comply with the Section 409A requirements. The Plan and Stock Appreciation Rights awarded under this Section 9 will be administered and interpreted in a manner consistent with the intent set forth in this Section 9(e).

(f) The base value of each Stock Appreciation Right shall be equal to the Fair Market Value of a share on the date of the Award. Awards of discounted Stock Appreciation Rights are expressly prohibited.

(g) This Section 9(g) shall apply to any Other Stock-Based Award that is issued and is subject to Section 409A. In the case of such an Award, payment of any such Award shall be made as specifically provided for in the Award Agreement, and such payment provisions will be in compliance with Section 409A. At the time of payment, if the Participant is a Specified Employee, no payment will be made until the first day of the seventh (7th) month following the date the payment would otherwise have been made under the terms of the Award Agreement if the Participant had not been a Specified Employee at the time of payment.

Section 10. *General Provisions Applicable To Awards.*

(a) Each Award shall be evidenced by a written Award Agreement, the terms of which shall be determined by the Committee.

(b) Awards shall be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(c) Each Award may, in the discretion of the Committee, be granted either alone or in addition to or in tandem with any other Award. An Award granted in addition to or in tandem with another Award may be granted either at the same time as or at a different time from the grant of such other Award.

(d) Subject to the terms of the Plan and the applicable Award Agreement, payments or transfers to be made by or to the Company upon the grant, exercise or payment of an Award may be made in such form or forms as the Committee shall determine including, without limitation, cash, Shares, or other securities, other Awards, or other property, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee.

(e) Notwithstanding any provision of the Plan or any Award Agreement to the contrary, in no event shall the Company or any Affiliate extend credit or loan funds to any Participant in connection with the exercise of an Award. The Company may establish, maintain and/or facilitate a broker-assisted cashless exercise program.

(f) Unless the Committee shall otherwise determine, no Award and no right under any Award shall be assignable, saleable, or transferable by a Participant otherwise than by will or by the laws of descent and distribution, and each Award, and each right under any Award, shall be exercisable during the Participant's lifetime only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. The provisions of this paragraph shall not preclude forfeiture of an Award in accordance with the terms of the Plan or the applicable Award Agreement.

(g) All certificates for Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal or state securities laws, and the

Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

(h) If the Committee intends that an Award (other than an Option or Stock Appreciation Right) to a member of the Executive Group should constitute "qualified performance-based compensation" for purposes of Section 162(m) of the Code, the applicable Award Agreement shall include a pre-established formula, such that payment, retention or vesting of the Award is subject to the achievement during a performance period or periods, as determined by the Committee, of a level or levels, as determined by the Committee, or one or more Performance Measures. For any Award subject to any such pre-established formula, no more than Fifty-Thousand (50,000) shares of Common Stock can be paid in satisfaction of such Award to any Participant, subject to adjustment as provided in Section 5(e). Notwithstanding any provision of this Plan to the contrary, the Committee shall not be authorized to increase the amount payable under any Award to which this Section 10(h) applies upon attainment of such pre-established formula.

Section 11. *Change in Control.*

(a) Unless specifically provided to the contrary in any Award Agreement, and notwithstanding any provision herein to the contrary, upon a Change in Control all outstanding Awards shall become fully vested and exercisable, and any restrictions applicable to any outstanding Award shall automatically lapse.

(b) Any provision of the Plan or any Award Agreement to the contrary, a provision may be made in writing in connection with the Change in Control for the assumption of the Award in connection with the consummation of a Change in Control.

Section 12. *Amendments And Termination.*

(a) Except to the extent expressly prohibited by applicable law and unless otherwise expressly provide in an Award Agreement or in the Plan, the Board may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time; provided, however, that:

(i) no such amendment, alteration, suspension, discontinuation or termination shall be made without shareholder approval if such approval is necessary to comply with any tax or regulatory requirement for which or with which the Board deems it necessary or desirable to qualify or comply.

(ii) no such amendment or alteration shall increase the number of Shares available for issuance pursuant to Awards under the Plan without shareholder approval.

(iii) no such amendment, alteration, suspension, discontinuation or termination shall be made without the consent of the affected Participant, if such action would adversely affect the rights of such Participant under any outstanding Award.

(b) The Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate any Award previously granted, prospectively or retroactively, without the consent of any affected Participant or holder or beneficiary of an Award; provided, however, that:

- (i) no such action shall impair the vested rights of any affected Participant or holder or beneficiary under any Award previously granted under the Plan.
 - (ii) except as provided in Section 5(e), no such action shall reduce the exercise price, grant price or purchase price of any Award established at the time of grant thereof.
 - (iii) the Committee's authority under this Section 12(b) is limited in the case of Awards subject to Section 10(h), as set forth in Section 10(h).
- (c) Except as provided in Section 10(h), the Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of events (including, without limitation, the events described in Section 5(e)) affecting the Company, or the financial statements of the Company, or of changes in applicable laws, regulations or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.
- (d) The Committee may correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award Agreement in the manner and to the extent it shall deem desirable to carry out the purpose and intent of the Plan and the applicable Award.
- (e) Notwithstanding any provision in the Plan to the contrary, no amendment, adjustment, suspension, discontinuation or termination shall be made or adopted unless it complies with Section 409A if Section 409A applies to the Award or portion of the Plan at issue.

Section 13. *Miscellaneous.*

- (a) No employee, director, Participant or other individual shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of employees, directors, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards and Award Agreements need not be the same with respect to each recipient.
- (b) The Committee may delegate to one or more officers or employees of the Company, or a committee of such officers or employees, the authority, subject to such terms and limitations as the Committee shall determine, to grant Awards to, or to cancel, modify, waive rights with respect to, alter, discontinue, suspend or terminate Awards held by, employees who are not officers or directors of the Company for purposes of section 16 of the Securities Exchange Act of 1934, as amended; provided, however, that any delegation to management shall conform with the requirements of the corporate law of the State of North Carolina and with the requirements, if any, of the National Association of Securities Dealers, Inc., in either case as in effect from time to time, and shall also conform with the requirements of Section 409A to the extent that the actions relate to an Award subject to Section 409A.
- (c) The Company shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to a Participant the amount (in cash, Shares, other securities, other Awards, or other property) of income or other taxes due in respect of an Award, its exercise, or any payment or transfer under such Award or under the Plan and shall take such other action (including, without limitation, providing for elective payment of such amounts in cash, Shares, other securities, other Awards or other property by the Participant) as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

(d) Nothing contained in the Plan shall prevent the Company from adopting or continuing in effect other or additional arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(e) The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or the applicable Affiliate may at any time dismiss a Participant from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or in any other agreement binding the parties. The receipt of any Award under the Plan is not intended to confer any rights on the Participant except as set forth in the applicable Award Agreement.

(f) If any provision of the Plan or any Award Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any individual or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award Agreement, such provision shall be stricken as to such jurisdiction, individual or Award, and the remainder of the Plan and any such Award Agreement shall remain in full force and effect.

(g) Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other individual. To the extent that any individual acquires a right to receive payment from the Company pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company.

(h) No fractional Shares shall be issued or delivered pursuant to the Plan or any Award Agreement, and when any provision hereof may entitle the Participant to a fractional share, such fractional share shall be disregarded.

Section 14. *Duration Of The Plan.*

No Award shall be granted under the Plan after the Expiration Date. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted prior to the Expiration Date shall remain exercisable or otherwise extend beyond such Expiration Date in accordance with its terms as set forth in the Award Agreement, and so long as the Award remains exercisable or otherwise continues in effect the Committee shall retain its power and authority to amend, alter, adjust, suspend, discontinue, or terminate any such Award, or to waive any conditions or rights under any such Award, and the Board shall retain its power and authority to amend the Plan. Provided, that any such actions by the Committee and/or the Board shall comply with Section 409A to the extent Section 409A applies to any Award.

Section 15. *Definitions.*

(a) “**Affiliate**” shall mean any entity that, directly or indirectly, controls, is controlled by or is under common control with, the Company, as determined by the Committee.

(b) “**Award**” shall mean any Option, award of Restricted Stock, Restricted Stock Unit, Performance Unit, Stock Appreciation Right or other Stock-Based Award granted under the Plan.

(c) **“Award Agreement”** shall mean any written agreement, contract or other instrument or document evidencing any Award granted under the Plan, which shall be signed by the Company or Committee and which may, but need not, be executed or acknowledged by a Participant.

(d) **“Board”** shall mean the board of directors of the Company.

(e) **“Cause”** shall mean, except as provided in the applicable Award Agreement, any of the following:

- (i) Use of illegal drugs by the Participant;
- (ii) Any material breach by the Participant of any covenant causing material injury to the Company or Affiliate to the business reputation of the Company or Affiliate;
- (iii) Any willful act or omission of the Participant which is injurious to the Company or Affiliate or to the business reputation of the Company or Affiliate;
- (iv) The dishonesty, fraud, malfeasance, negligence or misconduct of the Participant;
- (v) The conviction of, or entry of a plea of guilty or no contest to, a felony or crime involving moral turpitude by the Participant;
- (vi) Failure of the Participant to materially comply with the policies of the Company and its Affiliates;
- (vii) The continued failure of the Participant to perform substantially the Participant’s duties with the Company and its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Participant by the Company which specifically identifies the manner in which the Company believes that the Participant has not substantially performed the Participant’s duties.
- (viii) Failure of the Participant to materially follow lawful instructions of the Board.

(f) Unless otherwise provided in the applicable Award Agreement, a **“Change in Control”** occurs if there is a “change in control” as defined by Section 409A. As of the date of the amendment and restatement of this Plan, Section 409A provides that a “change in control” means (i) a Change of Ownership; (ii) a Change in Effective Control; or (iii) a Change of Asset Ownership; in each case, as defined herein.

- (i) **“Change of Ownership”** shall be deemed to have occurred on the date one person (or group) acquires ownership of stock of the Company that, together with stock previously held, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company, provided that such person (or group) did not previously own 50% or more of the value or voting power of the stock of the Company.
- (ii) **“Change in Effective Control”** shall be deemed to have occurred on the date either (A) one person (or group) acquires (or has acquired during the preceding 12 months) ownership of stock of the Company possessing 30% or more of the total voting power of the Company’s stock or (B) a majority of the Company’s Board of Directors is replaced

during any 12 month period by directors whose election is not endorsed by a majority of the members of the Company's Board of Directors prior to such election.

- (iii) **"Change of Asset Ownership"** shall be deemed to have occurred on the date one person (or group) acquires (or has acquired during the preceding 12 months) assets from the Company that have a total gross fair market value that is equal to or exceeds 40% of the total gross fair market value of all the Company's assets immediately prior to such acquisition.
- (g) **"Code"** shall mean the Internal Revenue Code of 1986, as amended from time to time.
- (h) **"Committee"** shall mean the Stock Option and Compensation Committee of the Board or such other committee as may be designated by the Board.
- (i) **"Company"** shall mean NewBridge Bancorp.
- (j) **"Director Awards"** shall mean Awards granted to the Participant in connection with or on account of his Service as a member of the board of directors of the Company or an Affiliate. Awards granted to the participant in connection with or on account of Service as an employee of the Company or an Affiliate shall not be considered Director Awards for purposes of the Plan.
- (k) **"Disability"** shall mean the date on which a Participant who has received an Award becomes totally and permanently disabled as defined herein. A Participant shall be considered totally and permanently disabled if he (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for at least 3 months under an accident and health plan covering employees of the Participant's employer, or (iii) is determined to be totally disabled by the Social Security Administration.
- (l) **"Employee Awards"** shall mean Awards granted to the Participant in connection with or on account of his Service as an employee of the Company or an Affiliate. Awards granted to the Participant in connection with or on account of Service as a member of the board of directors of the Company or an Affiliate shall not be considered Employee Awards for purposes of the Plan.
- (m) **"Executive Group"** shall mean every individual who is expected by the Committee to be both (i) a "covered employee" as defined in Section 162(m) of the Code as of the end of the taxable year in which payment of the Award may be deducted by the Company, and (ii) the recipient of compensation of more than \$1,000,000 for that taxable year.
- (n) **"Expiration Date"** shall mean April 21, 2014, the tenth anniversary of the Plan's original effective date.
- (o) **"Fair Market Value"** shall mean means the market price per share of the Company's Common Stock determined by the Committee, consistent with the requirements of Sections 409 and 422 of the Code and to the extent consistent therewith, determined as follows, as of the date specified in the context within which such term is used:

- (i) When there is a public market for the Common Stock, the Fair Market Value shall be determined by (A) the closing price for a share on the market trading day on the date of the determination (and if a closing price was not reported on that date, then the arithmetic mean of the closing bid and asked prices at the close of the market on that date, and if these prices were not reported on that date, then the closing price on the last trading date on which a closing price was reported) on the stock exchange or national market system that is the primary market for the Shares; and (B) if the shares are not traded on such stock exchange or national market system, the arithmetic mean of the closing bid and asked prices for a share on the Nasdaq Small Cap Market for the day prior to the date of the determination (and if these prices were not reported on that date, then on the last date on which these prices were reported), in each case as reported in The Wall Street Journal or such other source that the Committee considers reliable in its exclusive discretion.
- (ii) If the Committee, in its exclusive discretion, determines that the foregoing methods do not apply or produce a reasonable valuation, then Fair Market Value shall be determined by an independent appraisal that satisfies the requirements of Code Section 401(a)(28)(C) as of a date within twelve (12) months before the date of the transaction for which the appraisal is used, e.g., the date of grant of an Award (the "Appraisal"). If the Committee, in its exclusive discretion, determines that the Appraisal does not reflect information available after the date of the Appraisal that may materially affect the value of the shares, then Fair Market Value shall be determined by a new Appraisal.
- (iii) The Committee shall maintain a written record of its method of determining Fair Market Value.
- (p) **"Incentive Stock Option"** shall mean an Employee Award in the form of an option representing the right to purchase Shares from the Company, granted under and in accordance with the terms of Section 6, that meets the requirements of Section 422 of the Code.
- (q) **"Involuntary Termination"** shall mean a Company-initiated (or Affiliate-initiated) termination of a Participant's Service as an Employee.
- (r) **"Non-Qualified Stock Option"** shall mean an Award in the form of a option representing the right to purchase Shares from the Company, granted under and in accordance with the terms of Section 6, that is not an Incentive Stock Option.
- (s) **"Normal Retirement"** shall mean, except as otherwise provided in the Award Agreement, the Participant's retirement as a director of the Company in accordance with the Company's By-Laws. Provided, however, that if Normal Retirement triggers a payment under an Award that is subject to Section 409A, then the director must have incurred a Separation from Service" as defined herein and in accordance with Section 409A.
- (t) **"Option"** shall mean an Incentive Stock Option or a Non-Qualified Stock Option.
- (u) **"Other Stock-Based Award"** shall mean any right granted under Section 9.
- (v) **"Participant"** shall mean an individual granted an Award under the Plan.
- (w) **"Performance Measure"** shall mean an objective performance goal based on business criteria that apply to an individual, a business unit, an Affiliate, or the Company as a whole.

- (x) **“Performance Unit”** shall mean any right granted under Section 8.
- (y) **“Plan”** shall mean this NewBridge Bancorp Amended and Restated Comprehensive Equity Compensation Plan for Directors and Employees.
- (z) **“Restricted Stock”** shall mean any Share granted under Section 7.
- (aa) **“Restricted Stock Unit”** shall mean a contractual right granted under Section 7 that is denominated in Shares. Each Unit represents a right to receive the value of one Share (or a percentage of such value, which percentage may be higher than 100%) upon the terms and conditions set forth in the Plan and the applicable Award Agreement. Awards of Restricted Stock Units may include, without limitation, the right to receive dividend equivalents if such right is provided for the Award Agreement.
- (bb) **“Retirement”** shall mean, except as expressly provided in the Award Agreement, the Participant’s voluntary termination of Service as an employee after attaining age 65, or if earlier age 62 with 30 years of continuous service as an employee with the Company or an Affiliate. Provided, that if Retirement triggers a payment under an Award that is subject to Section 409A, then the director must have incurred a Separation from Service” as defined herein and in accordance with Section 409A.
- (cc) **“Separation from Service”** shall mean an employee, director, and contractor to the Company, Bank, and all Affiliates has a “separation from service” within the meaning of Section 409A, including when the Participant dies, retires or has a termination of service as explained in the following provisions:
- (i) The employment relationship is treated as continuing intact while the Participant is on military leave, sick leave, or other bona fide leave of absence, if the period of leave does not exceed six (6) months or, if longer, as long as the employee’s right to reemployment with the Company (or an Affiliate) is provided by statute or contract. A leave of absence is bona fide only if there is a reasonable expectation that the employee will return to perform services for the Company (or an Affiliate). If the period of leave exceeds six (6) months and the Participant’s right to reemployment is not provided by statute or contract, the employment relationship is deemed to terminate on the first day immediately following the six (6) month period;
 - (ii) A director or contractor has a separation from service upon the expiration of the contract, and if there is more than one contract, all contracts, under which the director or contractor performs services as long as the expiration is a good faith and complete termination of the contractual relationship; and
 - (iii) If a Participant performs services in more than one capacity, the Participant must separate from service in all capacities as an employee, director, and contractor. Notwithstanding the foregoing, if a Participant provides services both as an employee and a director, the services provided as a director are not taken into account in determining whether the Participant has a separation from service as an employee under a nonqualified deferred compensation plan in which the Participant participates as an employee and that is not aggregated under Section 409A with any plan in which the Participant participates as a director. In addition, if a Participant provides services both as an employee and a director, the services provided as an employee are not taken into account in determining whether the Participant has a separation from service as a director

under a nonqualified deferred compensation plan in which the Participant participates as a director and that is not aggregated under Section 409A with any plan in which the Participant participates as an employee.

(dd) “**Service**” shall mean employment as an employee (including an officer) of the Company or an Affiliate, or service as a member of the board of directors of the Company or an Affiliate.

(ee) “**Shares**” shall mean shares of common stock of the Company, \$5 par value.

(ff) “**Specified Employee**” means a “specified employee” as defined by Section 409A. As of the date of the amendment and restatement of this Plan, Section 409A provides that if the Company’s Common Stock is publicly traded on an established securities market or otherwise, then “specified employee” means senior officers who make \$130,000 (indexed) or more annually (limited to the top 3 such officers or, if greater (up to a maximum of 50), the top 10%); 1% owners whose compensation is \$150,000 or more annually; and 5% owners regardless of their compensation).

(gg) “**Stock Appreciation Right**” shall mean an Award pursuant to Section 9 that provides for an amount payable in Shares, cash or a combination thereof, as determined by the Committee, equal in value to the excess of the Fair Market Value of a Share on the day the Award is exercised over the Fair Market Value of a Share on the date of the Award.

(hh) “**Substitute Award**” shall mean Awards granted in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Company or with which the Company combines.

RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (the "Agreement") is made and entered into as of the 24th of April, 2008 (the "Effective Date"), by and among NewBridge Bancorp, a North Carolina corporation (the "Corporation"), NewBridge Bank, a North Carolina commercial bank (the "Bank"), and the award recipient whose signature appears below (the "Participant").

WHEREAS, the Corporation is the holding company of the Bank, and the Bank is an Affiliate of the Corporation; and

WHEREAS, the NewBridge Bancorp Amended and Restated Comprehensive Equity Compensation Plan for Directors and Employees Plan has been approved by the Corporation's Board of Directors and by its shareholders, and has been thereafter amended from time to time (the "Plan"); and

WHEREAS, Participant is an employee of the Bank, and the Boards of Directors of the Corporation and the Bank, and the Compensation Committee of those Boards ("Committee"), have determined that it is desirable and in the best interests of the Corporation and the Bank to make an award (the "Award") to the Participant of rights to receive shares of the common stock of the Corporation ("Common Stock") as permitted under the Plan, subject to certain restrictions as specified below; and

WHEREAS, capitalized terms not otherwise defined herein shall have the same meaning given to such terms in the Plan.

NOW, THEREFORE, the Parties agree as follows:

Section 1. Date of Award. The date of making the Award under this Agreement is the Effective Date.

Section 2. Award of Restricted Stock Units. Each conditional right to a share of Common Stock awarded hereby shall be referred to as a restricted stock unit (“Restricted Stock Unit”). The Participant is awarded that number of Restricted Stock Units set forth on Annex A attached hereto. Each Restricted Stock Unit entitles the Participant, upon satisfying the vesting requirements set forth in Annex A attached hereto and the Plan, to receive one (1) share of Common Stock at no purchase price per share, subject to any restrictions on transfer set forth in Annex B attached hereto. The Restricted Stock Units shall be delivered following vesting in the form of shares of Common Stock (“Plan Shares”).

Section 3. Representations, Warranties and Transfer Restrictions.

(a) Representations and Warranties. The Participant makes and agrees to the representations and warranties set forth in Annex C attached hereto.

(b) Restrictions. The Committee may cause a legend to be placed on any certificate representing any of the Plan Shares to make appropriate reference to transfer restrictions established by the Committee or may cause such restrictions to be recorded on the book entry in the Corporation’s share registry with respect to such Plan Shares if issued in

uncertificated form. Additionally, the Participant agrees that the Plan Shares shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange or interdealer quotation system upon which the Common Stock is then listed or quoted and any other applicable federal or state securities laws, rules or regulations, and the Committee may cause a legend or legends to be placed on any certificate representing any of the Plan Shares to make appropriate reference to such restrictions or may cause restrictions to be recorded on the book entry in the Corporation's stock registry with respect to such Plan Shares if issued in uncertificated form.

(c) Other Transfer Restrictions. No Restricted Stock Unit granted hereunder may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of by the Participant.

Section 4. Forfeiture. If the Participant's employment by the Bank terminates during the vesting period applicable to a Restricted Stock Unit as specified on Annex A (a "Vesting Period"), the Participant shall forfeit such Restricted Stock Unit and this Agreement shall be null and void.

Section 5. Vesting of Restricted Stock Units and Delivery of Plan Shares.

(a) Vesting. Each Restricted Stock Unit shall vest and become nonforfeitable as provided in Annex A. The Participant must be employed by the Bank or an Affiliate thereof at all times during, and through the final day of, the applicable Vesting Period of such Restricted

Stock Unit. However, all unvested Restricted Stock Units shall become vested and nonforfeitable upon a Change in Control as set forth in the Plan.

(b) Delivery of Plan Shares to the Participant. After the date on which a Restricted Stock Unit has become vested as provided in this Agreement and in the Plan, the Committee shall instruct the Corporation to cause to be issued to the Participant all Plan Shares derived from all such vested Restricted Stock Units, free from any restrictions other than such restrictions as may be imposed pursuant to Section 3. The delivery of the Plan Shares shall be accomplished on or before the 30th day following the expiration of the applicable Vesting Period and shall be in uncertificated form effected through appropriate notation and book entry recordation in the Corporation's stock registry unless, in its discretion, the Committee elects to cause such Plan Shares to be issued in certificated form..

(c) Plan Shares Relating To Forfeited Restricted Stock Units. If any Restricted Stock Unit is forfeited pursuant to this Agreement and the Plan, the Plan Share relating to the forfeited Restricted Stock Unit shall thereafter be available for award as provided in the Plan and shall cease to be subject to this Agreement.

Section 6. Rights of Holders of Restricted Stock Units.

(a) No Shareholder Rights. As a holder of Restricted Stock Units, the Participant shall have no rights as a shareholder of the Corporation. Until vested, Restricted Stock Units represent an unfunded, unsecured and contingent obligation of the Corporation to issue the applicable Plan Shares.

Section 7. Effect of Award on Status of Participant. The Award made to the Participant under this Agreement does not confer on the Participant any right to continued employment with the Bank, the Corporation or any subsidiary of either.

Section 8. Impact of Award on Other Benefits of Participant. Neither the contingent value of the Restricted Stock Units at any time before they become vested nor the value of any Plan Shares issued to the Participant under this Agreement shall be includable as compensation or earnings for purposes of any other benefit plan offered by the Bank, the Corporation or any subsidiary of either, except to the extent of any qualified employee benefit plan which specifically provides that any such value shall be included as compensation or earnings for purposes of such plan.

Section 9. Taxes and Tax Withholding. Upon the vesting of the Restricted Stock Units and the distribution of the applicable Plan Shares to the Participant, at the election of the Corporation, the Participant shall either (a) sell to the Corporation a number of the Plan Shares that would otherwise be distributed to the Participant as would have a fair market value equal to the then existing minimum withholding requirement for all federal, state and local income, excise and employment taxes payable by the Corporation or the Bank on account of such vesting and distribution (the "Tax Amount") or (b) pay the Tax Amount in cash to the Bank.

Section 10. Adjustments. In the event of any change (such as a reorganization, merger or other change) in the character of the Common Stock or the issuance of shares of Common Stock by the Corporation pursuant to a stock split, stock dividend, recapitalization or other

transaction pursuant to which the Corporation issues additional shares of Common Stock to, or reduces the number of shares of Common Stock held by, its shareholders, then the number of Plan Shares issuable upon the vesting of a Restricted Stock Unit shall be the same as if the Participant had held the number of Plan Shares acquirable under such Restricted Stock Unit prior to such change or issuance and had participated therein on the same basis of other shareholders of Common Stock. By way of clarification and not limitation, it is not intended that a merger, share exchange or other transaction through which the Corporation or the Bank acquires another entity or the assets of another entity through the use of Common Stock as consideration, a Common Stock offering by the Corporation, or the issuance of Common Stock by the Corporation through a dividend reinvestment or stock purchase plan shall be deemed to require any such adjustment.

Section 11. Notices. Any notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given if (a) hand delivered, (b) if deposited in the United States mail by certified mail, return receipt requested, properly addressed and postage prepaid, or (c) sent next day delivery by a nationally recognized overnight courier service, all charges prepaid, if to the Corporation, the Bank or the Committee at NewBridge Bancorp, 1501 Highwoods Boulevard, Suite 400, Greensboro, North Carolina 27419, Attn: President; and, if to the Participant, at his or her last address appearing on the employment records of the Bank. The Corporation, the Bank and the Participant may change its, his or her address herein by giving written notice of such change as provided herein. Any notice or other communication hereunder shall be deemed to have been given: (i) if hand delivered, on the date of such delivery; (ii) if sent by United States certified mail, on the third (3rd) business day following the date deposited with the United States Postal

Service, or (iii) if sent by overnight courier, on the next business day following the date of timely delivery to such courier.

Section 12. Construction Controlled by Plan. The Plan, a copy of which is attached hereto as Annex D, is incorporated herein by reference. This Award of Restricted Stock Units shall be subject to the terms and conditions of the Plan, and the Participant hereby assumes and agrees to comply with all of the obligations imposed upon the Participant in the Plan. This Agreement shall be construed so as to be consistent with the Plan. The provisions of the Plan shall be deemed to be controlling in the event that any provision hereof should appear to be inconsistent therewith.

Section 13. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be valid and enforceable under applicable law, but if any provision of this Agreement is determined to be unenforceable, invalid or illegal, the validity of any other provision or part thereof shall not be affected thereby and this Agreement shall continue to be binding on the parties hereto as if such unenforceable, invalid or illegal provision or part thereof had not been included herein.

Section 14. Governing Law. Without regard to the principles of conflicts of laws, the laws of the State of North Carolina shall govern and control the validity, interpretation, performance, and enforcement of this Agreement.

Section 15. Modification of Agreement; Waiver. Except as otherwise provided in Sections 11 and 21, this Agreement may be modified, amended, suspended or terminated, and

any terms, representations or conditions may be waived, only by a written instrument signed by each of the parties hereto or their successors in interest; provided, however, that to the extent that Section 409A of the Internal Revenue Code, including guidance and regulations issued thereunder ("Section 409A") applies to any portion of this Agreement or any Award issued hereunder, no amendment, suspension or termination shall be effectuated unless it complies with the requirements of Section 409A. The failure of the Participant or the Corporation and the Bank to insist upon strict compliance with any provision of this Agreement or to assert any right he or she or the Corporation and the Bank may have under this Agreement shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

Section 16. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective heirs, legatees, personal representatives, executors, administrators, successors and assigns.

Section 17. Miscellaneous. Any dispute, controversy or claim between the parties hereto arising out of or relating to this Agreement shall be settled by arbitration conducted in the City of Greensboro, North Carolina, in accordance with the Commercial Rules of the American Arbitration Association then in force and North Carolina law. The arbitration decision or award shall be final and binding upon the parties. The arbitration shall be in writing and shall set forth the basis therefor. The parties hereto shall abide by all awards rendered in such arbitration proceedings, and all such awards may be enforced and executed upon in any court having jurisdiction over the party against whom enforcement of such award is sought. Each party shall bear its own costs with respect to such arbitration, including reasonable attorneys' fees; provided, however, that: (i) the fees of the American Arbitration Association shall be borne

equally by the parties; and (ii) if the arbitration is resolved wholly in the Participant's favor, his or her costs of arbitration (including his or her reasonable attorneys' fees) shall be paid by the Corporation.

Section 18. Entire Agreement. This Agreement (and Annexes) and the Plan constitute and embody the entire understanding and agreement of the parties hereto and, except as otherwise provided hereunder, there are no other agreements or understandings, written or oral, in effect between the parties hereto relating to the matters addressed herein.

Section 19. Counterparts. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Section 20. Further Assurances. The parties agree to execute any further instrument and to take such action as may be reasonable necessary to carry out the intent of this Agreement.

Section 21. Section 409A Exemption. It is intended that the Plan, this Agreement, the Restricted Stock Units and the Plan Shares issued hereunder fall within the short-term deferral exemption provided by Section 409A such that the Restricted Stock Units and Plan Shares fall outside the scope of Section 409A and are not required to comply with the Section 409A requirements. The Plan, this Agreement, the Restricted Stock Units and the Plan Shares will be administered and interpreted in a manner consistent with the intent set forth in this Section 21. The Corporation and the Bank reserve the right to amend the Plan and/or this Agreement, without the Participant's consent, to the extent the Committee reasonably determines from time

to time that such amendment is necessary in order to achieve the purposes of this Section. Notwithstanding the foregoing, neither the Corporation nor the Bank make any representations or warranties as to the treatment of the Restricted Stock Units or the Plan Shares, or any settlement thereof, under Section 409A.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, each of the Corporation and the Bank have caused this Agreement to be executed in its corporate name by its President, or one of its Executive Vice Presidents, and attested by its Secretary or one of its Assistant Secretaries, all by authority of its Board of Directors first duly given, and the Participant has executed this Agreement, in each case as of the day and year first above written.

NEWBRIDGE BANCORP

By: _____

ATTEST:

By: _____

_____ Secretary

NEWBRIDGE BANK

By: _____

ATTEST:

By: _____

_____ Secretary

[Corporate Seal]

PARTICIPANT

_____ (SEAL)

ANNEX A

NUMBER OF RESTRICTED STOCK UNITS; VESTING

1. Number.

The Participant is awarded _____ (_____) Restricted Stock Units. One-third of such Restricted Stock Units shall be allocated to each of the Deposit Growth Component, the NPA Percentage Component and the ROAA Component.

2. Defined Terms:

- (i) "Average" and "averaged" shall be the average of the applicable quantities as of or for a fiscal year ending, as applicable, on each December 31st occurring during the Performance Vesting Period.
- (ii) "Committee" shall mean the Compensation Committee of the Boards of Directors of the Corporation and the Bank.
- (iii) "Deposit Growth" shall mean the rate of annual growth in an entity's deposits, other than certificates of deposit (or other similar deposit instruments), for a fiscal year ending on a December 31st occurring during the Performance Vesting Period.
- (iv) "Deposit Growth Standard" shall mean the median of the Deposit Growth rates of the members of the Measurement Group for a fiscal year occurring during the Performance Vesting Period.
- (v) "Measurement Group" shall mean a group of bank holding companies selected by the Committee as being comparable to the Corporation (in which case the Deposit Growth Standard, the NPA Percentage Standard,

the ROAA Standard, the Average Deposit Growth Standard, the Average NPA Percentage Standard and the Average ROAA Standard shall be calculated based on the relevant information Reported in those companies' Year End Reports).

- (vi) "Measurement Year" shall mean each calendar year ending on a December 31st occurring during the Performance Vesting Period, including the calendar year in which the Effective Date occurred.
- (vii) "NPA Percentage" shall mean (A) the total of (1) all of an entity's nonperforming loans, (2) the carrying value of all foreclosed properties, properties received in lieu of foreclosure and other real estate owned, and (3) impaired off-balance-sheet assets, including loans sold to problem asset disposition companies where there is recourse to the entity and nonperforming securitized assets where the entity retains risk as of each December 31st occurring during the Performance Vesting Period divided by (B) the entity's Total Assets.
- (viii) "NPA Percentage Standard" shall mean the median of the NPA Percentages of the members of the Measurement Group for a fiscal year ending on a December 31st occurring during the Performance Vesting Period.
- (ix) "Performance Vesting Period" shall mean the three year period commencing on the Effective Date and ending at 11:59:59 o'clock, p.m., Greensboro time, of the third anniversary thereof.
- (x) "Reported" shall mean stated in an entity's Year End Report pursuant to a method of calculation in accord with generally accepted accounting

principles consistently applied, where applicable, and otherwise in accord with the entity's prior practices and policies.

- (xi) "ROAA" shall mean the return on average Total Assets of entity for a fiscal year ending on a December 31st occurring during the Performance Vesting Period.
- (xii) "ROAA Standard" shall mean the median of the ROAA of the members of the Measurement Group for a fiscal year ending on December 31st occurring during the Performance Vesting Period.
- (xiii) "Time Vesting Period" means each of the twelve (12) month periods ending on the fourth (4th) and fifth (5th) anniversaries of the Effective Date.
- (xiv) "Total Assets" shall mean an entity's total assets as generally defined in the banking industry at December 31st occurring during the Performance Vesting Period.
- (xv) "Vesting Period" means the Performance Vesting Period or a Time Vesting Period, as the context requires.
- (xvi) "Year End Report" shall mean an entity's Form 10-K for a fiscal year ending on a December 31st occurring during a Vesting Period.

3. Performance Vesting. Thirty-three percent (33%) of the Restricted Stock Units allocated to each of the following Component shall vest, if at all, following the Performance Vesting Period as provided below.

a. Deposit Growth Component. Upon the conclusion of the Performance Vesting Period, the Committee shall cause the following to be computed:

- the average of the Corporation's Deposit Growth for the Measurement Years occurring in the Performance Vesting Period (the "Average Deposit Growth"); and
- the average of the Deposit Growth Standard for Measurement Years occurring during the Performance Vesting Period (the "Average Deposit Growth Standard").
- Thirty-three percent (33%) of the Restricted Stock Units allocated to the Deposit Growth Component shall vest if the Average Deposit Growth is more than the Average Deposit Growth Standard.

b. NPA Percentage Component. Upon the conclusion of the Performance Vesting Period, the Committee shall cause the following to be calculated:

- the average of the Corporation's NPA Percentage at the ends of the Measurement Years occurring during the Performance Vesting Period (the "Average Percentage NPA"); and
- the average of the NPA Percentage Standard at the ends of the Measurement Years occurring during the Performance Vesting Period (the "Average NPA Percentage Standard").
- Thirty-three percent (33%) of the Restricted Stock Units allocated to NPA Percentage Component shall vest if the Average Percentage NPA is more than the Average NPA Percentage Standard.

c. ROAA Component. Upon the conclusion of the Performance Vesting Period, the Committee shall cause the following to be calculated:

- the average the Corporation's ROAA for the Measurement Years occurring during the Performance Vesting Period (the "Average ROAA"); and
- the average of the ROAA Standard for the Measurement Years occurring during the Performance Vesting Period (the "Average ROAA Standard").
- Thirty-three percent (33%) of the Restricted Stock Units allocated to the ROAA Component shall vest if the Average ROAA is more than the Average ROAA Standard.

4. Time Vesting. Sixty-seven percent (67%) of the Restricted Stock Units allocated to each of Components shall vest, if at all, following the Time Vesting Periods as provided below.

(a) If, and only if, Participant was vested in Restricted Stock Units under the Deposit Growth Component at the end of Performance Vesting Period, then (i) if Participant remains employed by the Bank or an Affiliate thereof through the fourth (4th) anniversary of the Effective Date, thirty-three percent (33%) of the Restricted Stock Units allocated to the Deposit Growth Component shall vest at 12:00:01 o'clock, a.m., on the day following such anniversary, and (ii) if Participant remains employed by the Bank or an Affiliate thereof through the fifth (5th) anniversary of the Effective Date, thirty-four percent (34%) of the Restricted Stock Units allocated to the Deposit Growth Component shall vest at 12:00:01 o'clock, a.m., on the day following such anniversary.

(b) If, and only if, Participant was vested in Restricted Stock Units under the NPA Percentage Component at the end of Performance Vesting Period, then (i) if Participant remains employed by the Bank or an Affiliate thereof through the fourth (4th) anniversary of the Effective Date, thirty-three percent (33%) of the Restricted Stock Units allocated to the NPA Percentage Component shall vest at 12:00:01 o'clock, a.m., on the day following such anniversary, and (ii) if Participant remains employed by the Bank or an Affiliate thereof through the fifth (5th) anniversary of the Effective Date, thirty-four percent (34%) of the Restricted Stock Units allocated to the NPA Percentage Component shall vest at 12:00:01 o'clock, a.m., on the day following such anniversary.

(c) If, and only if, Participant was vested in Restricted Stock Units under the ROAA Component at the end of Performance Vesting Period, then (i) if Participant remains employed by the Bank or an Affiliate thereof through the fourth (4th) anniversary of the Effective Date, thirty-three percent (33%) of the Restricted Stock Units allocated to the ROAA Component shall vest at 12:00:01 o'clock, a.m., on the day following such anniversary, and (ii) if Participant remains employed by the Bank or an Affiliate thereof through the fifth (5th) anniversary of the Effective Date, thirty-four percent (34%) of the Restricted Stock Units allocated to the ROAA Component shall vest at 12:00:01 o'clock, a.m., on the day following such anniversary.

5. Adjustments. For good cause, determined in its discretion, the Committee may adjust any calculation or measurement described in this Annex B to address differences in policies or practices of the Corporation and the members of the Measurement Group, changes in generally accepted accounting principles, and other similar differences or changes occurring within a Vesting Period. Additionally, the Committee may add members to, or delete members

from the Measurement Group to address any changes in the usefulness for comparison of the Measurement Group as of the Effective Date. In the event a member of the Measurement Group corrects one or more of its Year End Report or adjusts, amends or restates its financial statements in any such Year End Report and such event has the effect of changing the number of Restricted Stock Units which vested as provided herein upon the completion of the Vesting Period, in its discretion the Committee may consider such fact is adjusting future Awards of Restricted Stock Units.

6. Compilation. In its discretion, the Committee may use a third party publication or the services of a third party to select the Membership Group and to complete the calculations of the Deposit Growth Standard, the NPA Standard, the ROAA Standard, the Average Deposit Growth Standard, the Average NPA Standard, and/or the Average ROAA Standard.

7. Corporation's Performance. The Deposit Growth, NPA Percentage and ROAA of the Corporation for a Measurement Year shall be those Reported by the Corporation in its Year End Report for that Measurement Year or, if not Reported therein, as calculated from the financial information set forth in such Year End Report.

ANNEX B

RESTRICTIONS

None.

ANNEX C

REPRESENTATIONS AND WARRANTIES

Participant represents to the Corporation that:

(a) Participant has received a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby acknowledges that the Restricted Stock Units, and all Plan Shares issuable therefrom, are subject to all of the terms and provisions of the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

(b) Participant has received a copy of the Prospectus relating to the Plan.

(c) Participant represents that the awarding of Restricted Stock Units to, and the receipt of the Plan Shares by, Participant will not result in the violation by Participant of any law, statute, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental authority to or by which Participant is bound, including, without limitation, United States laws and other laws that may be applicable to Participant and will not conflict with, or result in a material breach or violation of, any of the terms or provisions of, or constitute (with due notice or lapse of time or both) a material default under, any material lease, loan agreement, mortgage, security agreement, domestic relations, trust indenture or other agreement or instrument to which Participant is a party or by which Participant is bound or to which Participant's material properties or assets is subject, nor result in the creation or imposition of any lien upon any of the material properties or assets of Participant.

(d) Participant acknowledges and agrees that this Agreement is not a contract of employment and that nothing in this Agreement shall confer upon Participant any right with respect to continuation of service to or employment by the Corporation, the Bank or any Affiliate thereof.

(e) Participant acknowledges and agrees that the vesting of Restricted Stock Units and issuance of Plan Shares pursuant to this Agreement is earned only through Participant's continued employment with the Bank or an Affiliate thereof throughout all Vesting Periods and not through the grant of the Restricted Stock Units hereunder.

(f) Participant warrants that he or she will hold the Corporation, the Bank, their Affiliates and their respective directors, officers, agents and controlling persons and their respective heirs, representatives, successors and assigns harmless, and will indemnify them from and against all liabilities, costs and expenses incurred by them as a result of any misrepresentation made by Participant contained herein.

(g) Participant hereby accepts this Agreement subject to all of the terms and provisions hereof. Participant has reviewed this Agreement in its entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of the Agreement.

(h) Participant acknowledges that the Corporation and the Bank are entitled to rely on the representations made above.

ANNEX D

PLAN

See Attached.