

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2008-05-09** | Period of Report: **2008-03-31**
SEC Accession No. **0000950144-08-003914**

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FILER

NEWBRIDGE BANCORP

CIK: **714530** | IRS No.: **561348147** | State of Incorporation: **NC** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-11448** | Film No.: **08819481**
SIC: **6022** State commercial banks

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended:

March 31, 2008

Commission File Number: 000-11448

NewBridge Bancorp

(Exact name of Registrant as specified in its Charter)

North Carolina
(State of Incorporation)

56-1348147
(I.R.S. Employer Identification No.)

1501 Highwoods Boulevard, Suite 400
Greensboro, North Carolina
(Address of principal executive offices)

27410
(Zip Code)

(336) 369-0900
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One)

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

At May 2, 2008, 15,655,868 shares of the registrant's common stock were outstanding.

NEWBRIDGE BANCORP
FORM 10-Q
TABLE OF CONTENTS

	<u>Page</u>
<u>PART I</u>	
<u>Financial Information</u>	
<u>Item 1</u>	
<u>Financial Statements</u>	3
<u>Consolidated Balance Sheets March 31, 2008 and December 31, 2007</u>	3
<u>Consolidated Statements of Income Three Months Ended March 31, 2008 and 2007</u>	4
<u>Consolidated Statements of Changes in Shareholders' Equity and Comprehensive Income Three Months Ended March 31, 2008 and 2007</u>	5
<u>Consolidated Statements of Cash Flows Three Months Ended March 31, 2008 and 2007</u>	6
<u>Notes to Consolidated Financial Statements</u>	8
<u>Item 2</u>	15
<u>Item 3</u>	24
<u>Item 4</u>	25
<u>PART II</u>	
<u>Other Information</u>	
<u>Item 1</u>	26
<u>Item 1A</u>	26
<u>Item 2</u>	26
<u>Item 3</u>	26
<u>Item 4</u>	26
<u>Item 5</u>	26
<u>Item 6</u>	27
<u>Exhibit 10.27</u>	
<u>Exhibit 31.01</u>	
<u>Exhibit 31.02</u>	
<u>Exhibit 32.01</u>	

PART I**FINANCIAL INFORMATION****Item 1. Financial Statements.****NewBridge Bancorp and Subsidiary****Consolidated Balance Sheets***(Dollars in thousands, except per share data)*

	March 31 2008 (Unaudited)	December 31 2007*
Assets		
Cash and due from banks	\$ 56,512	\$ 54,011
Interest-bearing bank balances	4,519	4,678
Federal funds sold	829	2,173
Investment securities:		
Held to maturity, market value \$28,222 at March 31, 2008 and \$28,033 at December 31, 2007	27,894	27,901
Available for sale	344,939	341,522
Loans	1,546,921	1,490,084
Less allowance for credit losses	<u>(30,310)</u>	<u>(30,370)</u>
Net loans	1,516,611	1,459,714
Premises and equipment	45,279	43,886
Goodwill	50,312	50,312
Other assets	72,580	73,161
Total assets	<u>\$ 2,119,475</u>	<u>\$ 2,057,358</u>
Liabilities		
Deposits:		
Non-interest bearing	\$ 173,430	\$ 175,493
Savings, NOW and money market accounts	653,782	638,023
Certificates of deposit	<u>811,415</u>	<u>814,204</u>
Total deposits	1,638,627	1,627,720
Borrowings from the Federal Home Loan Bank	143,760	118,000
Other borrowings	122,951	99,524
Accrued expenses and other liabilities	<u>20,140</u>	<u>18,961</u>
Total liabilities	<u>1,925,478</u>	<u>1,864,205</u>
Shareholders' Equity		
Preferred stock, par value \$.01 per share:		
Authorized 10,000,000 shares; none issued	-	-
Common stock, par value \$5 per share:		
Authorized 50,000,000 shares; issued 15,655,868 shares at March 31, 2008 and 15,694,068 shares at December 31, 2007	78,279	78,470
Paid-in capital	85,286	85,412
Directors' deferred compensation plan	(1,314)	(1,301)
Retained earnings	29,083	28,751
Accumulated other comprehensive income	<u>2,663</u>	<u>1,821</u>
Total shareholders' equity	<u>193,997</u>	<u>193,153</u>
Total liabilities and shareholders' equity	<u>\$ 2,119,475</u>	<u>\$ 2,057,358</u>

* *Derived from audited consolidated financial statements*

[Table of Contents](#)**NewBridge Bancorp and Subsidiary****Consolidated Statements of Income***(Unaudited; dollars in thousands, except per share data)*

	Three Months Ended March 31	
	2008	2007
Interest Income		
Interest and fees on loans	\$27,056	\$15,338
Interest on investment securities:		
Taxable	3,354	1,235
Tax exempt	1,144	318
Interest-bearing bank balances	532	101
Federal funds sold	24	102
Total interest income	<u>32,110</u>	<u>17,094</u>
Interest Expense		
Deposits	12,177	6,016
Borrowings from the Federal Home Loan Bank	1,429	827
Other borrowings	1,039	2
Total interest expense	<u>14,645</u>	<u>6,845</u>
Net interest income	17,465	10,249
Provision for credit losses	459	957
Net interest income after provision for credit losses	<u>17,006</u>	<u>9,292</u>
Noninterest Income		
Service charges on deposit accounts	2,195	1,483
Gains on sales of mortgage loans	139	76
Other operating income	2,215	1,824
Total noninterest income	<u>4,549</u>	<u>3,383</u>
Noninterest Expense		
Personnel expense	9,169	5,318
Occupancy expense	1,162	503
Furniture and equipment expense	1,121	599
Other operating expense	5,728	3,645
Total noninterest expense	<u>17,180</u>	<u>10,065</u>
Income before income taxes	4,375	2,610
Income taxes	1,365	840
Net Income	<u>\$3,010</u>	<u>\$1,770</u>
Earnings per share:		
Basic	\$0.19	\$0.21
Diluted	\$0.19	\$0.21
Weighted average shares outstanding:		
Basic	15,687,444	8,415,078
Diluted	15,734,813	8,426,763

See notes to consolidated financial statements

[Table of Contents](#)**NewBridge Bancorp and Subsidiary****Consolidated Statements of Changes in Shareholders' Equity and Comprehensive Income**

Three months ended March 31, 2008 and 2007

(Unaudited; Dollars in thousands)

	Common Stock		Paid-in	Directors'	Retained	Accumulated	Total
	Shares	Amount	Capital	Deferred Compensation Plan	Earnings	Other Comprehensive Income (loss)	Shareholders' Equity
Balances at December 31, 2006	8,422,610	\$ 42,113	\$ 8,177	\$ (1,390)	\$ 42,669	\$ (2,260)	\$ 89,309
Net Income					1,770		1,770
Change in unrealized gain on securities available for sale, net of deferred tax effect						182	182
Comprehensive income							1,952
Cash dividends declared on common stock					(1,439)		(1,439)
Stock-based compensation expense			36				36
Common stock acquired	(10,043)	(50)	(122)	(78)			(250)
Balances at March 31, 2007	<u>8,412,567</u>	<u>\$ 42,063</u>	<u>\$ 8,091</u>	<u>\$ (1,468)</u>	<u>\$ 43,000</u>	<u>\$ (2,078)</u>	<u>\$ 89,608</u>
Balances at December 31, 2007	15,694,068	\$ 78,470	\$ 85,412	\$ (1,301)	\$ 28,751	\$ 1,821	\$ 193,153
Net Income					3,010		3,010
Change in unrealized gain on securities available for sale, net of deferred income taxes						842	842
Comprehensive income							3,852
Cash dividends declared on common stock					(2,678)		(2,678)
Stock-based compensation expense			24				24
Common stock acquired	(38,200)	(191)	(150)	(13)			(354)
Balances at March 31, 2008	<u>15,655,868</u>	<u>\$ 78,279</u>	<u>\$ 85,286</u>	<u>\$ (1,314)</u>	<u>\$ 29,083</u>	<u>\$ 2,663</u>	<u>\$ 193,997</u>

See notes to consolidated financial statements

NewBridge Bancorp and Subsidiary**Consolidated Statements of Cash Flows***(Unaudited; dollars in thousands)*

	Three Months Ended March 31	
	2008	2007
Cash Flow from operating activities		
Net Income	\$3,010	\$1,770
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,138	557
Securities premium amortization and discount accretion, net	184	29
(Increase) decrease in loans held for sale	(214)	(675)
Deferred income taxes	-	(96)
Increase (decrease) in income taxes payable	1,281	959
(Increase) decrease in income earned but not received	656	(8)
Increase (decrease) in interest accrued but not paid	(660)	(2)
Net increase in other assets	(2,085)	(65)
Net decrease in other liabilities	(2,529)	(56)
Provision for credit losses	459	957
Loss on sale of premises, equipment and other real estate	377	38
Stock based compensation	24	36
Net cash provided by operating activities	<u>1,641</u>	<u>3,444</u>
Cash Flow from investing activities		
Purchases of securities available for sale	(35,841)	(12,504)
Proceeds from maturities of securities available for sale	38,732	13,917
Net increase in loans made to customers	(59,040)	(12,994)
Proceeds from sale of premises, equipment and other real estate	1,337	-
Expenditures for improvements to other real estate	(440)	-
Purchases of premises and equipment	(2,452)	(649)
Net (increase) decrease in federal funds sold	1,344	(1,628)
Net cash used for investing activities	<u>(56,360)</u>	<u>(13,858)</u>
Cash Flow from financing activities		
Net increase in demand deposits, NOW, money market and savings accounts	13,696	15,963
Net increase (decrease) in time deposits	(2,789)	16,739
Net increase (decrease) in other borrowings	23,426	(165)
Proceeds from borrowings from Federal Home Loan Bank	45,000	100,135
Payments on borrowings from Federal Home Loan Bank	(19,240)	(136,135)
Dividends paid	(2,678)	(1,439)
Common stock acquired	(354)	(250)
Net cash provided by (used for) financing activities	<u>57,061</u>	<u>(5,152)</u>
Increase (decrease) in cash and cash equivalents	2,342	(15,566)
Cash and cash equivalents at the beginning of the period	58,689	46,494
Cash and cash equivalents at the end of the period	<u>\$61,031</u>	<u>\$30,928</u>

See notes to consolidated financial statements

[Table of Contents](#)

NewBridge Bancorp and Subsidiary
Consolidated Statements of Cash Flows (continued)
(Unaudited; dollars in thousands)

	Three Months Ended	
	March 31	
	2008	2007
Supplemental disclosures of cash flow information		
Cash paid during the periods for:		
Interest	\$15,305	\$6,848
Income Taxes	-	-
Supplemental disclosures of noncash transactions		
Transfer of loans to other real estate owned	\$1,699	\$64
Unrealized gains/(losses) on securities available for sale:		
Change in securities available for sale	1,696	297
Change in deferred income taxes	639	(114)
Change in shareholders' equity	843	183

See notes to consolidated financial statements

[Table of Contents](#)

NewBridge Bancorp and Subsidiary

Notes to Consolidated Financial Statements

(Unaudited)

Note 1 - Basis of Presentation

The accompanying interim unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. They do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended March 31, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

NewBridge Bancorp (“Bancorp” or the “Company”) is a bank holding company incorporated under the laws of North Carolina (“NC”) and registered under the Bank Holding Company Act of 1956, as amended (the “BHCA”). Bancorp’s principal asset is stock of its banking subsidiary, NewBridge Bank (the “Bank”). Accordingly, throughout this Quarterly Report on Form 10-Q, there are frequent references to the Bank.

Bancorp is the successor entity to LSB Bancshares, Inc., which was incorporated on December 8, 1982 (“LSB”). On July 31, 2007, FNB Financial Services Corporation (“FNB”), a bank holding company, also incorporated in NC and registered under the BHCA, merged with and into LSB in a merger of equals (the “Merger”). LSB’s name was then changed to “NewBridge Bancorp”.

The Bank, a NC chartered non-member bank, is the successor entity to Lexington State Bank (“LSB Bank”), which was incorporated on July 5, 1949. As a result of the Merger, Bancorp acquired FNB Southeast, a NC chartered member bank, the sole banking subsidiary of FNB. On November 13, 2007, FNB Southeast merged with and into LSB Bank (the “Bank Merger”) and the surviving bank changed its name to “NewBridge Bank”.

In accordance with purchase accounting rules, financial information presented for any date or period prior to July 31, 2007 does not include any data for FNB.

Through its branch network, the Bank provides a wide range of banking products to individuals, small to medium-sized businesses and other organizations in its market areas, including interest bearing and non-interest bearing checking accounts, certificates of deposit, individual retirement accounts, overdraft protection, personal and corporate trust services, safe deposit boxes, online banking, corporate cash management, brokerage, financial planning and asset management, mortgage loans and secured and unsecured loans.

In addition, as of March 31, 2008, the Bank also operated three active non-bank subsidiaries: Peoples Finance Company of Lexington, Inc. (“Peoples Finance”), LSB Properties, Inc. (“LSB Properties”) and Prince George Court Holdings, Inc. (“Prince George”). Peoples Finance is a state licensed finance company. As a finance company, Peoples Finance offers secured and unsecured loans to individuals up to a maximum of \$30,000 secured, and \$10,000 unsecured, as well as dealer originated loans. LSB Properties owns all other real estate of the Bank, other than a condominium project in Georgetown, South Carolina, acquired through a deed-in-lieu of foreclosure, which is owned by Prince George.

The organization and business of the Company, accounting policies followed by the Company and other relevant information are contained in the notes to the consolidated financial statements in Bancorp’s Annual Report on Form 10-K for the fiscal year ended December 31, 2007, filed with the

[Table of Contents](#)

Securities and Exchange Commission (the “SEC”) on March 17, 2008 (SEC File No. 000-11448) (“Bancorp’s 2007 Form 10-K”). This quarterly report should be read in conjunction with Bancorp’s 2007 Form 10-K.

Note 2 – Acquisitions

In the Merger, each share of common stock of FNB outstanding at the effective time of the Merger was converted into the right to receive 1.07 shares of the Company’s common stock. The Company issued approximately \$117 million of its common stock to FNB shareholders.

The Merger was accounted for under the purchase method of accounting and was structured to qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code. The Merger resulted in \$49.8 million of goodwill and \$6.6 million of core deposit intangibles. The goodwill acquired is not tax deductible. The core deposit intangible was determined by an independent valuation and is being amortized over the estimated life of 10 years, based on undiscounted cash flows.

The table below sets forth a summary of the estimated fair values of assets and liabilities of FNB as of July 31, 2007. The Company acquired the assets and assumed the liabilities as of that same date.

(Dollars in thousands)	
Cash and cash equivalents	\$14,803
Loans receivable, net of allowance for credit losses	632,576
Investment securities	252,223
Premises and equipment	22,523
Core deposit intangible	6,613
Goodwill	49,822
Other assets	50,184
Deposits	(734,131)
Borrowings	(161,044)
Other liabilities	(13,689)
Investment in subsidiary, net of capitalized acquisition costs	<u>\$119,880</u>

The Company’s consolidated financial statements include the results of operations of FNB only from the date of acquisition. The following unaudited summary presents the consolidated results of operations of the Company on a pro forma basis for the three months ended March 31, 2007 as if FNB had been acquired on January 1, 2007. The pro forma summary information does not necessarily reflect the results of operations that would have occurred if the Merger had occurred at the beginning of the period presented, or of results which may occur in the future.

[Table of Contents](#)

A summary of pro forma financial statements is as follows (in thousands):

	Three months ended March 31, 2007			
	LSB	FNB	Pro Forma adjustments	Total
Net interest income	\$10,249	\$7,619	\$ 1,912	\$19,780
Provision for credit losses	957	54	–	1,011
Non-interest income	3,383	1,288	–	4,671
Non-interest expense	10,065	7,850	286	18,201
Income before income taxes	2,610	1,003	1,626	5,239
Income taxes	840	306	618	1,764
Net income	<u>\$1,770</u>	<u>\$697</u>	<u>\$ 1,008</u>	<u>\$3,475</u>

Note 3 – Net Income Per Share

Basic and diluted net income per share is computed based on the weighted average number of shares outstanding during each period. Diluted net income per share reflects the potential dilution that could occur if stock options were exercised, resulting in the issuance of common stock sharing in the net income of the Company.

A reconciliation of the basic average common shares outstanding to the diluted average common shares outstanding is as follows:

	Three Months Ended March 31	
	2008	2007
Weighted average number of common shares used in computing basic net income per share	15,687,444	8,415,078
Effect of dilutive stock options	47,369	11,685
Diluted weighted average common shares outstanding	<u>15,734,813</u>	<u>8,426,763</u>

Note 4 – Investment Securities (in thousands)

	March 31, 2008 - Securities Held to Maturity			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
State and municipal obligations	<u>\$27,894</u>	<u>\$ 536</u>	<u>\$(208)</u>	<u>\$28,222</u>
	March 31, 2008 - Securities Available for Sale			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U.S. government agency securities	\$106,378	\$2,986	\$–	\$109,364
Mortgage backed securities	129,994	3,887	(40)	133,841
State and municipal obligations	88,866	910	(2,356)	87,420
Federal Home Loan Bank stock	10,081	–	–	10,081
Other equity securities	3,770	691	(228)	4,233
Total	<u>\$339,089</u>	<u>\$8,474</u>	<u>\$(2,624)</u>	<u>\$344,939</u>

[Table of Contents](#)

	December 31, 2007 - Securities Held to Maturity			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
State and municipal obligations	\$27,901	\$430	\$(298)	\$28,033
	December 31, 2007 - Securities Available for Sale			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value
U.S. government agency securities	\$140,759	\$1,747	\$(23)	\$142,483
Mortgage backed securities	106,757	2,413	-	109,170
State and municipal obligations	77,788	588	(416)	77,960
Federal Home Loan Bank stock	8,906	-	-	8,906
Other equity securities	2,944	59	-	3,003
Total	\$337,154	\$4,807	\$(439)	\$341,522

The following is a schedule of securities in a loss position as of March 31, 2008 (in thousands):

	Less than 1 year		1 Year or More		Total	
	Market Value	Unrealized Loss	Market Value	Unrealized Loss	Market Value	Unrealized Loss
U.S. government agency obligations	\$-	\$-	\$-	\$-	\$-	\$-
Mortgage backed securities	-	-	1,703	(40)	1,703	(40)
State and municipal obligations	331	(149)	37,024	(2,415)	37,355	(2,564)
Total securities	\$331	\$(149)	\$38,727	\$(2,455)	\$39,058	\$(2,604)

Investment securities with an amortized cost of \$206,493,000 and \$212,260,000, as of March 31, 2008, and December 31, 2007, respectively, were pledged to secure public deposits and for other purposes. The Bank has obtained \$50,000,000 in irrevocable letters of credit, which are used in lieu of securities to pledge against public deposits.

No investment securities have been sold during the three months ended March 31, 2008 or 2007, other than the sale of securities from the mandatory redemption of shares upon VISA Inc.'s initial public offering of stock, as described in Management's Discussion and Analysis of Financial Condition.

Note 5 – Loans and Allowance for Credit Loss

A summary of consolidated loans follows (in thousands):

	March 31 2008	December 31 2007
Commercial	\$608,541	\$ 571,575
Real estate - construction	245,109	248,222
Real estate - mortgage	600,927	575,139
Installment loans to individuals	90,363	91,826
Other	1,981	3,322
Total loans, net of unearned income	\$1,546,921	\$ 1,490,084

[Table of Contents](#)

Nonperforming assets are summarized as follows (in thousands):

	March 31 2008	December 31 2007
Nonaccrual loans	\$16,438	\$ 12,236
Restructured loans	461	651
Accruing loans which are contractually past due 90 days or more	<u>1,675</u>	<u>72</u>
Total nonperforming loans	18,574	12,959
Other real estate	<u>4,824</u>	<u>4,280</u>
Total nonperforming assets	<u>\$23,398</u>	<u>\$ 17,239</u>
Nonperforming loans to loans outstanding at end of period	1.20 %	0.87 %
Nonperforming assets to total assets at end of period	1.10 %	0.84 %

Impaired loans and related information are summarized in the following tables (in thousands):

	March 31 2008	December 31 2007
Loans specifically identified as impaired		
Commercial and real estate	\$53,081	\$ 47,133
Consumer	<u>2,087</u>	<u>1,857</u>
Total	<u>\$55,168</u>	<u>\$ 48,990</u>
Allowance for credit losses associated with impaired loans	<u>\$11,037</u>	<u>\$ 11,128</u>

	Three Months Ended March 31	
	2008	2007
Average balances of impaired loans	<u>\$49,799</u>	<u>\$11,544</u>
Interest income recorded for impaired loans	<u>\$603</u>	<u>\$159</u>

The Bank's policy for impaired loan accounting subjects all loans to impairment recognition except for large groups of smaller balance homogeneous loans such as credit card, residential mortgage and consumer loans. The Bank generally considers loans 90 days or more past due and all nonaccrual loans to be impaired.

An analysis of the changes in the allowance for credit losses follows (in thousands):

	Three Months Ended March 31	
	2008	2007
Balance, beginning of period	\$30,370	\$9,564
Provision for credit losses	459	957
Net charge-offs	<u>(519)</u>	<u>(799)</u>
Balance, end of period	<u>\$30,310</u>	<u>\$9,722</u>

At March 31, 2008, loans totaling \$12,565,000 were held for sale, and stated at the lower of cost or market on an individual basis.

Note 6 – Recent Accounting Pronouncements

The Company has adopted Statement of Financial Accounting Standards (“SFAS”) No. 157 “Fair Value Measurements” (“SFAS 157”), as of January 1, 2008. SFAS 157 defines fair value, establishes a framework for measuring fair value of assets and liabilities for financial statement purposes and expands disclosures about fair value measurements. SFAS 157 establishes a fair value hierarchy with the highest level priority given to quoted prices in active markets for identical assets or liabilities. The next level of priority is given to other than quoted prices that are observable for the asset or liability while the least priority is given to unobservable inputs. The fair value measurement requirements in SFAS 157 supersedes the requirements of various other statements of the Financial Accounting Standards Board (“FASB”) that required fair value valuation and establishes a more consistent basis for determining the fair value. SFAS 157 does not establish any new fair value measurements.

In February 2008, the FASB issued FASB Staff Position (“FSP”) No. 157-2, which delayed until the first quarter of 2009 the effective date of SFAS 157 for nonfinancial assets and liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis. The Company reports fair value on a limited basis, most notably for available for sale investment securities. However, impairment, which could result in reporting at fair value, is considered for other purposes including impaired loans, and mortgage loans held for sale. The adoption of SFAS 157 did not result in any material effect on the Company’s financial position or operating results.

The Company’s nonfinancial assets and liabilities that meet the deferral criteria set forth in FSP No. 157-2 include goodwill, core deposit intangibles, net property and equipment and other real estate, which primarily represents collateral that is received in satisfaction of troubled loans. The Company does not expect that the adoption of SFAS 157 for these nonfinancial assets and liabilities will have a material impact on its financial position or results of operations.

The table below presents the assets measured at fair value on a recurring basis categorized by the level of inputs used in the valuation of each asset (in thousands):

March 31, 2008- Assets measured at fair value

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Available for sale securities	257,519	87,420	–
Mortgage loans held for sale	–	12,565	–
Impaired loans, net of specific allowance	–	–	44,131
Total	<u>257,519</u>	<u>99,985</u>	<u>44,131</u>

The Company has also adopted SFAS No. 159 “The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB 115” (“SFAS 159”). SFAS 159 permits entities to elect to report eligible financial instruments at fair value subject to conditions stated in the pronouncement including adoption of SFAS 157 discussed above. The purpose of SFAS 159 is to improve financial reporting by mitigating volatility in earnings related to current reporting requirements. The Company adopted SFAS 159 effective January 1, 2008 and did not elect the fair value option for any asset or liability.

Note 7 – Stock Compensation Plans

Effective January 1, 2006, the Company adopted the fair value method of accounting for stock-based compensation arrangements in accordance with SFAS No. 123 (revised 2004), *Share-Based Payment*, (“SFAS No. 123(R)”) using the modified prospective method of transition. Under the provisions of SFAS 123(R), the estimated fair value of stock-based awards granted under the LSB Comprehensive Equity Compensation Plan for Directors and Employees and the FNB Omnibus Equity Compensation Plan, discussed in Bancorp’s Form 10-K for the fiscal year ended December 31, 2007, is recognized as compensation expense over the vesting period. Using the modified prospective method, compensation expense is recognized beginning with the effective date of adoption of SFAS 123(R) for all share based payments (i) granted after the effective date of adoption and (ii) granted prior to the effective date of adoption and that remain unvested on the date of adoption.

Prior to January 1, 2006, the Company accounted for stock-based employee compensation plans using the intrinsic value method of accounting in accordance with APB 25 “Accounting for Stock Issued to Employees” (“APB 25”), and its related interpretations. Under the provisions of APB 25, no compensation expense was recognized when stock options were granted with exercise prices equal to or greater than market value on the date of grant.

The Company recorded \$24,000, or less than \$0.01 per diluted share and \$36,000, or less than \$0.01 per diluted share, of total stock-based compensation expense for the three-month periods ended March 31, 2008 and March 31, 2007, respectively, pursuant to the provisions of SFAS 123(R). The stock-based compensation expense is calculated on a ratable basis over the vesting periods of the related options and is reported under personnel expense. This expense had no impact on the Company’s reported cash flows. As of March 31, 2008, there was \$145,000 of total unrecognized stock-based compensation expense. This expense will be fully recognized by March of 2012.

For purposes of determining estimated fair value under SFAS 123(R), the Company has computed the estimated fair values of all share-based compensation using the Black-Scholes option pricing model and, for options granted prior to December 31, 2007, has applied the assumptions set forth in Bancorp’s 2007 Form 10-K. During the first quarter of 2008, 18,000 stock options, with an average exercise price of \$9.71, were granted to employees. The fair value of these grants is based on the following assumptions:

Dividend yield	7.40 %
Risk-free interest rate	2.50 %
Expected stock volatility	36.32%
Expected years until exercise	6.25

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The discussion presented herein is intended to provide an overview of the changes in financial condition and results of operations during the time periods required by Item 303 of Regulation S-K for NewBridge Bancorp ("Bancorp" or the "Company") and its wholly-owned subsidiary NewBridge Bank (the "Bank").

The consolidated financial statements also include the accounts and results of operations of the Bank's wholly-owned subsidiaries. This discussion and analysis is intended to complement the unaudited financial statements, notes and supplemental financial data in this Quarterly Report on Form 10-Q, and should be read in conjunction therewith.

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements represent expectations and beliefs of Bancorp including but not limited to Bancorp's operations, performance, financial condition, growth or strategies. These forward-looking statements are identified by words such as "expects", "anticipates", "should", "estimates", "believes" and variations of these words and other similar statements. For this purpose, any statements contained in this Quarterly Report on Form 10-Q that are not statements of historical fact may be deemed to be forward-looking statements. Readers should not place undue reliance on forward-looking statements as a number of important factors could cause actual results to differ materially from those in the forward-looking statements. These forward-looking statements involve estimates, assumptions, risks and uncertainties that could cause actual results to differ materially from current projections depending on a variety of important factors, including without limitation: (1) the strength of the United States economy generally, and the strength of the local economies in which Bancorp conducts operations, may be different than expected, resulting in, among other things, a deterioration in credit quality or a reduced demand for credit, including the resultant effect on Bancorp's loan portfolio and allowance for credit losses; (2) the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System (the "Federal Reserve"); (3) inflation, deflation, interest rate, market and monetary fluctuations; (4) adverse conditions in the stock market, the public debt market and other capital markets (including changes in interest rate and market liquidity conditions) and the impact of such conditions on Bancorp's capital markets and capital management activities; (5) the timely development of competitive new products and services by Bancorp and the acceptance of these products and services by new and existing customers; (6) the willingness of customers to accept third party products marketed by Bancorp; (7) the willingness of customers to substitute competitors' products and services for Bancorp's products and services and vice versa; (8) the impact of changes in financial services' laws and regulations (including laws concerning taxes, banking and securities); (9) technological changes; (10) changes in consumer spending and saving habits; (11) the effect of corporate restructurings, acquisitions and/or dispositions, and the failure to achieve the expected revenue growth and/or expense savings from such corporate restructurings, acquisitions and/or dispositions; (12) the growth and profitability of Bancorp's noninterest income being less than expected; (13) unanticipated regulatory or judicial proceedings; (14) the impact of changes in accounting policies by the Financial Accounting Standards Board (the "FASB"); (15) adverse changes in financial performance and/or condition of Bancorp's borrowers which could impact repayment of such borrowers' outstanding loans; and (16) Bancorp's success at managing the risks involved in the foregoing. Bancorp cautions that the foregoing list of important factors is not all inclusive. See also those risk factors identified in the section headed "Risk Factors", beginning on page 15 of Bancorp's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, filed with the Securities and Exchange Commission (the "SEC") on March 17, 2008 ("Bancorp's 2007 Form 10-K"). Bancorp undertakes no obligation to update any forward-looking statement, whether written or oral, which may be made from time to time by or on behalf of Bancorp.

Introduction

Bancorp is a bank holding company incorporated under the laws of North Carolina (“NC”) and registered under the Bank Holding Company Act of 1956, as amended (the “BHCA”). Bancorp’s principal asset is stock of its banking subsidiary, the Bank.

Bancorp is the successor entity to LSB Bancshares, Inc., which was incorporated on December 8, 1982 (“LSB”). On July 31, 2007, FNB Financial Services Corporation (“FNB”), a bank holding company, also incorporated in NC and registered under the BHCA, merged with and into LSB in a merger of equals (the “Merger”). LSB’s name was then changed to “NewBridge Bancorp”.

The Bank, a NC chartered non-member bank, is the successor entity to Lexington State Bank (“LSB Bank”), which was incorporated on July 5, 1949. As a result of the Merger, Bancorp acquired FNB Southeast, a NC chartered member bank, the sole banking subsidiary of FNB. On November 13, 2007, FNB Southeast merged with and into LSB Bank (the “Bank Merger”) and the surviving bank changed its name to “NewBridge Bank”.

In accordance with purchase accounting rules, financial information presented for any date or period prior to July 31, 2007 does not include any data for FNB.

The Company’s results of operations are dependent primarily on the results of operations of the Bank and thus are dependent to a significant extent on net interest income, which is the difference between the income earned on the Bank’s loan and investment portfolios and cost of funds, consisting of interest paid on deposits and borrowings. Results of operations are also affected by the Company’s provision for credit losses, mortgage loan sales activities, service charges and other fee income, and noninterest expense. The Company’s noninterest expense principally consists of compensation and employee benefits, office occupancy and equipment expense, data processing, professional fees, and advertising and business promotion expenses. The Company’s results of operations are also significantly affected by general economic and competitive conditions, particularly changes in interest rates, government policies and actions of regulatory authorities.

The Bank faces competition in both the attraction of deposit accounts and in the origination of mortgage, commercial, and consumer loans. The most direct competition for deposits has historically derived from other commercial banks located in and around the counties in which the Bank maintains banking offices. The Bank also competes for deposits with both regional and super-regional banks, and money market instruments and mutual funds. The Bank competes for loans principally through the interest rates and loan fees it charges and the efficiency and quality of services it provides borrowers. Competition for loans also comes principally from other commercial banks, including offices of regional and super-regional banks, located in and around the areas in which the Bank maintains banking offices. Competition for deposits and loans is likely to continue to increase as a result of legislative, regulatory and technological changes and the continuing trend of consolidation in the financial services industry. Technological advances, for example, have lowered barriers to market entry, allowed banks to expand their geographic reach by providing services over the internet and made it possible for non-depository institutions to offer products and services that traditionally have been provided by banks. Legislation permits affiliation among banks, securities firms and insurance companies, and further legislation will likely continue to change the competitive environment in which the Bank does business.

The following discussion and analysis is presented on a consolidated basis and focuses on the major components of the Company’s operations and significant changes in its results of operations for the periods presented. For further information, refer to the Consolidated Financial Statements and notes thereto included in Bancorp’s 2007 Form 10-K.

Application of Critical Accounting Policies

The accounting and reporting policies of the Company and its subsidiary comply with accounting principles generally accepted in the United States and conform to standards within the banking industry. The preparation of the financial information contained in this Quarterly Report on Form 10-Q requires the Company's management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Company's management evaluates these estimates on an ongoing basis. The following is a summary of the allowance for credit losses, one of the most complex and judgmental accounting policies of the Company.

The allowance for credit losses, which is utilized to absorb actual losses in the loan portfolio, is maintained at a level consistent with management's best estimate of probable credit losses incurred as of the balance sheet date. The Company's allowance for credit losses is also analyzed quarterly by management. This analysis includes a methodology that separates the total loan portfolio into homogeneous loan classifications for purposes of evaluating risk, as well as analysis of certain individually identified loans. The required allowance is calculated by applying a risk adjusted reserve requirement to the dollar volume of loans within a homogenous group. Major loan portfolio subgroups include: risk graded commercial loans, mortgage loans, home equity loans, retail loans and retail credit lines. Management also analyzes the loan portfolio on an ongoing basis to evaluate current risk levels, and risk grades are adjusted accordingly. While management uses the best information to make evaluations, future adjustments may be needed if economic or other conditions differ substantially from the assumptions used.

Three Months Ended March 31, 2008 Compared to Three Months Ended March 31, 2007

Net Interest Income

The primary source of earnings for the Bank is net interest income, which represents the dollar amount by which interest generated from earning assets exceeds the cost of funds. Earning assets consist primarily of loans and investment securities and cost of funds is the interest paid on interest-bearing deposits and borrowed funds.

Net interest income for the first quarter of 2008, on a taxable equivalent basis, was \$17.9 million, an increase of \$7.5 million or 72.7%, from \$10.4 million for the first quarter of 2007. This was primarily due to substantial increases in both earning assets and interest-bearing liabilities as a result of the Merger. Average earning assets in the first quarter of 2008 increased \$959.7 million, or 103.5%, to \$1.89 billion, compared to \$927.3 million in the first quarter of 2007. Average interest-bearing liabilities for the first quarter of 2008 increased \$903.1 million, or 114.8%, to \$1.69 billion, compared to \$786.7 million for the first quarter of 2007.

The taxable-equivalent net interest margin for the first quarter of 2008 decreased to 3.81%, compared to 4.53% for 2007, a decline of 72 basis points. The market for deposits continued to be very competitive, requiring the Bank to offer high-yield deposit products in order to attract deposits. As a result of the high yields on deposits, the Bank has utilized wholesale funding during the quarter to minimize current and future funding cost. In the first quarter of 2008, the average yield on earning assets decreased by 59 basis points from the comparable period in 2007, while the average rate on interest-bearing liabilities decreased by 4 basis points during the same time period, which resulted in a decrease in the interest rate spread in the first quarter of 2008 of 55 basis points compared to the first quarter of 2007.

The following table provides an analysis of average volumes, yields and rates and net interest income on a tax-equivalent basis for the three months ended March 31, 2008 and 2007.

Table of Contents

(Fully taxable equivalent basis¹, in thousands)

	Three Months Ended March 31, 2008			Three Months Ended March 31, 2007		
	Average Balance	Interest Income/ Expense	Annualized Average Yield/Rate	Average Balance	Interest Income/ Expense	Annualized Average Yield/Rate
Earning assets:						
Loans receivable ²	\$1,512,683	\$27,200	7.23 %	\$770,366	\$15,338	8.07 %
Taxable securities	245,854	3,523	5.76	109,716	1,235	4.57
Tax exempt securities	110,390	1,540	5.61	32,282	419	5.26
Equity securities	9,468	141	5.99	4,711	68	5.85
Interest-bearing bank balances	5,888	93	6.35	2,196	33	6.09
Federal funds sold	<u>2,750</u>	<u>24</u>	3.51	<u>7,980</u>	<u>102</u>	5.18
Total earning assets	1,887,033	32,521	6.93	927,251	17,195	7.52
Non-earning assets:						
Cash and due from banks	50,005			29,191		
Premises and equipment	44,838			20,094		
Other assets	122,079			16,571		
Allowance for credit losses	<u>(30,228)</u>			<u>(9,615)</u>		
Total assets	<u>\$2,073,727</u>	<u>\$32,521</u>		<u>\$983,492</u>	<u>\$17,195</u>	
Interest-bearing liabilities:						
Savings deposits	\$41,724	\$20	0.19 %	\$30,364	\$26	0.35 %
NOW deposits	171,630	256	0.60	131,893	225	0.69
Money market deposits	439,419	3,235	2.96	272,181 ⁵	2,330	3.47
Time deposits	814,506	8,666	4.28	290,126	3,435	4.80
Other borrowings	91,992	1,039	4.54	703	2	1.15
Borrowings from Federal Home Loan Bank	<u>130,521</u>	<u>1,429</u>	4.40	<u>61,433</u>	<u>827</u>	5.46
Total interest-bearing liabilities	1,689,792	14,645	3.49	786,700	6,845	3.53
Other liabilities and shareholders' equity:						
Demand deposits	169,208			100,724 ⁵		
Other liabilities	19,462			5,855		
Shareholders' equity	<u>195,265</u>			<u>90,213</u>		
Total liabilities and shareholders' equity	<u>\$2,073,727</u>	<u>14,645</u>		<u>\$983,492</u>	<u>6,845</u>	
Net interest income and net interest margin ³		<u>\$17,876</u>	<u>3.81 %</u>		<u>\$10,350</u>	<u>4.53 %</u>
Interest rate spread ⁴			<u>3.44 %</u>			<u>3.99 %</u>

Income related to securities exempt from federal income taxes is stated on a fully taxable-equivalent basis, assuming a federal income tax rate of 35%, and is then reduced by the non-deductible portion of interest expense. The adjustments made to convert to a fully taxable equivalent basis were \$411,000 for 2008 and \$101,000 for 2007.

² *The average loans receivable balances include non-accruing loans. Amortization of loan fees, net of deferred costs, of \$358 and \$369 for the three months ended March 31, 2008 and 2007, respectively, are included in interest income.*

³ *Net interest margin is computed by dividing net interest income by average earning assets.*

⁴ *Earning assets yield minus interest-bearing liability rate.*

⁵ *For 2007, an average of \$51,793 of certain deposits previously reported as demand deposits have been reclassified to money market deposits.*

Noninterest Income and Expense

In the first quarter of 2008, noninterest income increased to \$4.5 million, from \$3.4 million during the same period in 2007. The increase in noninterest income was primarily due to higher service charges and other fees as a result of the additional volume of transaction accounts which were acquired in the Merger. Service charge income increased to \$2.2 million in the first quarter of 2008 from \$1.5 million in the first quarter of 2007, an increase of 48.0%. In addition, noninterest income in the first quarter of 2008 includes \$249,000 of income on bank-owned life insurance and \$370,000 of gain on the sale of securities from the mandatory redemption of shares upon VISA Inc.'s initial public offering of stock, as well as a \$274,000 loss on the sale of real estate.

In the first quarter of 2008, noninterest expense increased to \$17.2 million from \$10.1 million in the first quarter of 2007. Personnel, occupancy and furniture and equipment expenses increased as a result of the increase in the number of personnel employed by the Company and the number of offices owned and leased as a result of the Merger. Personnel expense increased from \$5.3 million in the first quarter of 2007 to \$9.2 million in the first quarter of 2008, an increase of 72.4%, while occupancy expense increased from \$0.5 million to \$1.2 million, or 131.0% and furniture and equipment expense rose from \$0.6 million to 1.1 million, or 87.1%.

The following table presents the details of Other Operating Income and Expenses.

Other Operating Income and Expenses (dollars in thousands)

	Three Months Ended March 31,		Percentage Variance
	2008	2007	
Other operating income:			
Bankcard income	\$624	\$598	4.3 %
Fee income	790	510	54.9
Investment services commissions	143	255	(43.9)
Insurance commissions	39	24	62.5
Trust income	144	170	(0.7)
Gain (loss) on sale of securities	370	-	-
Gain (loss) on sale of real estate	(274)	17	NM
Income on bank-owned life insurance	249	-	-
Other income	130	250	48.0
	<u>\$2,215</u>	<u>1,824</u>	21.4
Other operating expenses:			
Advertising	\$457	\$122	274.6 %
Automated services	1,380	1,079	27.9
Bankcard expense	564	509	10.8
Legal and professional fees	971	552	75.9
Postage	254	175	45.1
Stationery, printing and supplies	295	184	60.3
OREO expense	255	120	112.5
Other expense	1,552	904	71.7
	<u>\$5,728</u>	<u>\$3,645</u>	57.1

Asset Quality and Allowance for Credit losses

The Company's allowance for credit losses is analyzed quarterly by management. This analysis includes a methodology that segments the loan portfolio into homogeneous loan classifications and considers the current status of the portfolio, historical charge-off experience, current levels of delinquent, impaired and non-performing loans and their underlying collateral values, as well as economic and other risk factors. It is also subject to regulatory examinations and determinations as to

[Table of Contents](#)

adequacy, which may take into account such factors as the methodology employed and other analytical measures in comparison to a group of peer banks. Management believes the allowance for credit losses is sufficient to absorb known risk in the portfolio. The Company, like many financial institutions, will likely face a challenging credit environment in the coming months, as a result of the overall economic slowdown in the region and the nation. The majority of the Bank's loan portfolio is comprised of loans secured by real estate, and is therefore subject to risk as a result of the weakening real estate market. No assurances can be given that future economic conditions will not adversely affect borrowers and result in increases in credit losses and non-performing asset levels.

At March 31, 2008, the allowance for credit losses was \$30.3 million or 1.96% of loans outstanding compared to \$30.4 million or 2.04% of loans outstanding at December 31, 2007, and \$9.7 million or 1.26% of loans outstanding at March 31, 2007. At March 31, 2008, the allowance for credit losses was 1.63 times nonperforming loans compared to 2.34 times at December 31, 2007 and 1.57 times at March 31, 2007. Based on analysis of the current loan portfolio and levels of current problem assets and potential problem loans, management believes the allowance for credit losses to be adequate. Additional information regarding the allowance for credit losses is presented in the table Asset Quality Analysis, on the following page.

The provision for credit losses charged to operations for the three months ended March 31, 2008 totaled \$459,000, compared to \$957,000 for the three months ended March 31, 2007. Net charge-offs for the three months ended March 31, 2008 were \$519,000, or 0.14% of average loans outstanding on an annualized basis, compared to net charge-offs of \$799,000, or 0.42% of average loans outstanding on an annualized basis, for the three months ended March 31, 2007.

Nonaccrual loans totaled \$16.4 million at March 31, 2008, compared to \$12.2 million at year end 2007 and \$4.2 million at March 31, 2007. The increase from the 2007 year-end is primarily driven by a \$4.0 million increase in non-accrual loans, while the change from the prior year was also due to the increased size of the loan portfolio as a result of the Merger. Foreclosed real estate was \$4.8 million at March 31, 2008, \$4.3 million at December 31, 2007, and \$3.8 million at March 31, 2007. Restructured loans totaled \$461,000 at March 31, 2008, \$651,000 at December 31, 2007, and \$97,000 at March 31, 2007. Approximately \$1.7 million was transferred from loans into other real estate owned ("OREO") and approximately \$1.6 million of such assets were disposed of during the first three months of 2008. A net loss of \$274,000 has been recorded on disposition of OREO in the current year, compared to a net gain of \$17,000 in the first quarter of 2007. The Company took no writedowns of OREO during either the first three months of 2008 or 2007. Total non-performing assets (comprised of nonaccrual loans, restructured loans and OREO) increased to \$23.4 million, or 1.10% of total assets, at March 31, 2008, from \$17.2 million, or 0.84% of total assets, at December 31, 2007 and \$10.0 million, or 1.02% of total assets, a year ago.

During the second quarter of 2005, Prince George Court Holdings, Inc, a subsidiary of the Bank, acquired a partially completed residential condominium development project in Georgetown, SC by means of a deed in lieu of foreclosure in satisfaction of a \$3.4 million loan previously made to develop the project. Writedowns were taken for \$400,000 in 2005 and \$1.0 million in 2006. In the first quarter of 2007, the Bank began to build out the project in preparation for future sale. It is estimated that the build out will be completed during the third quarter of 2008. In the fourth quarter of 2007, management decided to immediately make the property available for sale, and made an additional \$2.0 million writedown. The Bank continues to pursue opportunities to sell the partially completed property, if such a sale could be executed under terms favorable to the Bank. At March 31, 2008, the property is carried on the books at approximately \$1.4 million.

[Table of Contents](#)

Asset Quality Analysis (Dollars in thousands)	Three Months Ended March 31 2008		Year Ended December 31 2007		Three Months Ended March 31 2007	
Allowance for credit losses:						
Beginning balance	\$ 30,370		\$ 9,564		\$ 9,564	
Provision for credit losses	459		18,952		957	
Net charge-offs	(519)		(8,456)		(799)	
Allowance acquired via merger	–		10,310		–	
Ending balance	<u>\$ 30,310</u>		<u>\$ 30,370</u>		<u>\$ 9,722</u>	
Non performing Assets:						
Non-performing loans:						
Nonaccrual loans	\$ 16,438		\$ 12,236		\$ 4,231	
Restructured loans	461		651		97	
Loans 90 days or more past due and still accruing	<u>1,675</u>		<u>72</u>		<u>1,878</u>	
Total non-performing loans	18,574		12,959		6,206	
Other real estate	<u>4,824</u>		<u>4,280</u>		<u>3,803</u>	
Total non-performing assets	<u>\$ 23,398</u>		<u>\$ 17,239</u>		<u>\$ 10,009</u>	
Asset Quality Ratios:						
Nonperforming loans to loans outstanding at end of period	1.20	%	0.87	%	0.80	%
Nonperforming assets to total assets at end of period	1.10		0.84		1.02	
Net charge-offs as a percentage of average loans outstanding during the period	0.14	*	0.79		0.41	*
Allowance for credit losses as a percentage of loans outstanding at end of period	1.96		2.04		1.26	
Ratio of allowance for credit losses to nonperforming loans	1.63	X	2.34	X	1.57	X

* Denotes annualized

Income Taxes

The Company's provision for income taxes totaled \$1.4 million for the first quarter of 2008 and \$840,000 for the same period in 2007. The increase in the provision for 2008, compared to the prior year, results primarily from the increase in taxable income. The Company's effective tax rate was 31.2% for the three-month period ended March 31, 2008, compared to 32.2% for the first quarter of 2007. The decline in the effective rate is primarily as a result of increased interest income on investments which are exempt from federal and state income taxes.

During 2003, the Bank purchased an investment tax credit partnership interest for \$540,000. The partnership was expected to yield \$1.0 million in tax credits over the years 2003 to 2009. Actual credits applied to the three months ended March 31, 2008 and 2007, were \$50,000 and \$51,000, respectively. The Company accounts for tax credits using the flow-through method, thereby reducing income tax expense in the year in which the credits were received.

Risk Management

It is the design of risk management to ensure long-range profitability performance, minimize risk, adhere to proper liquidity and maintain sound capital. To meet these objectives, the process of asset/liability management monitors the exposure to interest rate risk, balance sheet trends, pricing

[Table of Contents](#)

policies and liquidity position. Reports regarding Credit, Asset/Liability, Market, and Operational Risks are regularly provided to the Bank's Board of Directors.

Risk management practices include key elements such as independent checks and balances, formal authority limits, policies and procedures and portfolio management performed by experienced personnel.

Interest Rate Risk Management

Interest rate risk management is a part of the Bank's overall asset/liability management process. The primary oversight of asset/liability management rests with the Bank's Asset and Liability Committee, which is comprised of senior management. The Committee meets on a regular basis to review the asset/liability management activities of the Bank and monitor compliance with established policies. Activities of the Asset and Liability Committee are reported to the Risk Management Committee of the Bank's Board of Directors.

A primary objective of interest rate sensitivity management is to ensure the stability and quality of the Company's primary earnings component, net interest income. This process involves monitoring the Company's balance sheet in order to determine the potential impact that changes in the interest rate environment may have on net interest income. Rate sensitive assets and liabilities have interest rates that are subject to change within a specific time period, due to either maturity or to contractual agreements which allow the instruments to reprice prior to maturity. Interest rate sensitivity management seeks to ensure that both assets and liabilities react to changes in interest rates within a similar time period, thereby minimizing the risk to net interest income.

The Bank utilizes a computer based interest rate risk simulation model. This comprehensive model includes rate sensitivity gap analysis, rate shock net interest income analysis, and present value of equity analysis, under various rate shock scenarios. The Bank uses this model to monitor interest rate risk on a quarterly basis and to detect trends that may affect the overall net interest income for the Bank. This simulation incorporates the dynamics of balance sheet and interest rate changes and calculates the related effect on net interest income. As a result, this analysis more accurately projects the risk to net interest income over the upcoming twelve-month period, compared to the traditional gap analysis. The Bank's asset/liability policy provides guidance for levels of interest rate risk and potential remediations, if necessary, to mitigate excessive levels of risk. The modeling results indicate the Bank is subject to an acceptable level of interest rate risk. The Bank is asset sensitive based on the results of its simulation model, as well as actual experience, which means that falling interest rates could result in a reduced amount of net interest income. The Bank is not subject to other types of market risk, such as foreign currency exchange rate risk, commodity or equity price risk.

Liquidity Management

Liquidity management refers to the policies and practices that ensure the Bank has the ability to meet day-to-day cash flow requirements based primarily on activity in loan and deposit accounts of the Bank's customers. Deposit withdrawals, loan funding and general corporate activity create the primary needs for liquidity for the Bank. Liquidity is derived from sources such as deposit growth; maturity, calls, or sales of investment securities; principal and interest payments on loans; access to borrowed funds or lines of credit; and profits.

During the first three months of 2008, the Company had net cash provided by operating activities of \$1.6 million, compared to \$3.4 million of net cash provided by operating activities in the first three months of 2007. This decrease is primarily attributable to changes in other assets and other liabilities, comprised of a number of small items.

[Table of Contents](#)

Net cash used for investing activities for the first three months of 2008 was \$56.4 million, compared to net cash used for investing activities in the first three months of 2007 of \$13.9 million. This change is primarily attributable to a large increase in cash used to make loans to customers. The Company recorded an increase in loans made to customers of \$59.0 million dollars during the first quarter of 2008, compared to an increase of \$13.0 million during the first quarter of 2007. The cash used in 2008 was partially offset by \$1.3 million in cash received from the sale of premises, equipment and other real estate, and a \$1.3 million decrease in federal funds sold.

During the three months ended March 31, 2008, financing activities provided \$57.1 million, compared to net cash used by financing activities of \$5.2 million during the same period of 2007. The change was primarily the result of borrowings from and payments to the Federal Home Loan Bank (“FHLB”). In the first quarter of 2008, the Company had net borrowings from the FHLB of \$25.8 million, and the Company also increased its federal funds purchased by \$26.0 million, and had a net increase of \$10.9 million in customer deposits. All of these borrowings were used primarily to fund loan growth. In the first quarter of 2007, the Company had net payments to the FHLB of \$36.0 million. These payments to the FHLB were partially offset by an increase in customer deposits of \$32.7 million.

Cash and cash equivalents totaled \$61.0 million at March 31, 2008, compared to \$58.7 million at December 31, 2007 and \$30.9 million at March 31, 2007.

The Bank also has unsecured overnight borrowing lines totaling \$52 million available through five financial institutions. These lines are used to manage the day-to-day, short-term liquidity needs of the Bank. Each overnight line has a requirement to repay the line in full on a frequent basis, typically within five to ten business days. The Bank also has established wholesale repurchase agreements with regional brokerage firms. The Bank can access this additional source of liquidity by pledging investment securities with the brokerage firms.

Liquidity is further enhanced by a line of credit with the FHLB, amounting to approximately \$276 million, collateralized by FHLB stock, investment securities, qualifying 1 to 4 family residential mortgage loans, and qualifying commercial real estate loans. The Bank provides various reports to the FHLB on a regular basis to maintain the availability of the credit line. Each borrowing request to the FHLB is initiated through an advance application that is subject to approval by the FHLB before funds are advanced under the line of credit.

Capital Resources and Shareholders’ Equity

Bancorp’s stock repurchase program was originally announced in November 1998. It was subsequently amended and extended in August 1999, May 2004 and May 2006. On October 17, 2007, the Board of Directors of Bancorp approved a further extension through May 31, 2009, and authorized Bancorp to repurchase up to 650,000 additional shares of Bancorp’s common stock under the extended program. Immediately prior to the most recent extension 135,187 shares remained available under the program for repurchase by Bancorp. Under the stock repurchase program, Bancorp may repurchase its common stock in the open market or privately negotiated transactions on a time-to-time and ongoing basis, depending upon market conditions and subject to compliance with all applicable securities laws and regulations. Management believes that the stock repurchase program assists in the goal of building shareholder value and maintaining appropriate capital levels.

The following table provides certain information on the activity of Bancorp’s stock repurchase program during the first quarter of 2008.

Issuer Purchases of Equity Securities

Month	Total Number of Shares Purchased	Average Price Paid Per Share	Total Shares Purchased Pursuant to Publicly Announced Plan	Maximum Number of Shares that may yet be Purchased Under the Plan
January 1 - January 31	0	\$ 0	0	654,620
February 1 - February 29	0	\$ 0	0	654,620
March 1 - March 31	<u>38,200</u>	\$ 8.91	<u>38,200</u>	616,420
Total	<u>38,200</u>	\$ 8.91	<u>38,200</u>	

Banks and bank holding companies, as regulated institutions, must meet required levels of capital. The Commissioner of Banks in North Carolina, the Board of Governors of the Federal Reserve and the Federal Deposit Insurance Corporation, which are the primary regulatory agencies for the Bank and the Company, have adopted minimum capital regulations or guidelines that categorize components and the level of risk associated with various types of assets. Financial institutions are required to maintain a level of capital commensurate with the risk profile assigned to their assets in accordance with the guidelines.

As shown in the accompanying table, the Company and the Bank have capital levels exceeding the minimum levels for “well capitalized” banks and bank holding companies as of March 31, 2008.

	Regulatory Capital			
	Well Capitalized	Adequately Capitalized	Company	Bank
Total Capital	10.0%	8.0%	10.96%	10.81%
Tier 1 Capital	6.0	4.0	9.69	9.54
Leverage Capital	5.0	4.0	7.73	7.61

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the possible chance of loss from unfavorable changes in market prices and rates. These changes may result in a reduction of current and future period net interest income, which is the favorable spread earned from the excess of interest income on interest-earning assets, over interest expense on interest-bearing liabilities.

The Company considers interest rate risk to be its most significant market risk, which could potentially have the greatest impact on operating earnings. The Company is asset sensitive over the near term, which means that falling interest rates could result in a reduced amount of net interest income. The monitoring of interest rate risk is part of the Company’s overall asset/liability management process. The primary oversight of asset/liability management rests with the Bank’s Asset and Liability Committee. The Committee meets on a regular basis to review asset/liability activities and to monitor compliance with established policies. Activities of the Asset and Liability Committee are reported to the Risk Management Committee of the Bank’s Board of Directors.

The Company has not experienced any material changes in portfolio risk since the end of the fiscal year ended December 31, 2007.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

The Company's management, including its Chief Executive Officer ("CEO"), President, Chief Financial Officer ("CFO") and Chief Accounting Officer ("CAO") evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of March 31, 2008. Based upon that evaluation, the Company's CEO, President, CFO and CAO each concluded that as of March 31, 2008, the end of the period covered by this Quarterly Report on Form 10-Q, the Company maintained effective disclosure controls and procedures.

Changes in internal control over financial reporting

There have been no changes to the Company's internal controls over financial reporting that occurred during the fiscal quarter ended March 31, 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 1A. Risk Factors

There have been no material changes to the Company's Risk Factors as previously disclosed in Bancorp's 2007 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of unregistered equity securities during the first quarter of 2008. See "Capital Resources and Shareholders' Equity" and "Issuer Purchases of Equity Securities" in Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" for information about the Company's repurchases of its common stock in the quarter ended March 31, 2008 under its publicly announced stock repurchase program, which information is incorporated herein by reference.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit No.	Description
3.1	Articles of Incorporation, and amendments thereto, incorporated by reference to Exhibit 4.1 of the Registration Statement on Form S-8, filed with the SEC on May 16, 2001 (SEC File No. 333-61046).
3.2	Amended and Restated Bylaws, incorporated by reference to Exhibit 3.2 of the Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, filed with the SEC on November 4, 2004 (SEC File No. 000-11448).
3.3	Amendments to Amended and Restated Bylaws, incorporated by reference to Item 5.03 of the Current Report on Form 8-K, filed with the SEC on August 3, 2007 (SEC File No. 000-11448).
3.4	Articles of Merger of FNB with and into LSB, including amendments to the Articles of Incorporation, as amended, incorporated by reference to Exhibit 3.4 of the Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, filed with the SEC on November 9, 2007 (SEC File No. 000-11448).
4.1	Specimen certificate of common stock, \$5.00 par value, incorporated by reference to Exhibit 4.1 of the Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, filed with the SEC on November 9, 2007 (SEC File No. 000-11448).
4.2	Rights Agreement dated as of February 10, 1998 by and between LSB and Wachovia Bank, N.A., as Rights Agent, which is incorporated by reference to Exhibit 1 of the Registration Statement on Form 8-A filed with the SEC on March 6, 1998 (SEC File No. 000-11448).
4.3	Amended and Restated Trust Agreement, regarding Trust Preferred Securities, dated August 23, 2005, incorporated herein by reference to Exhibit 4.02 of the Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, filed with the SEC (SEC File No. 000-13086).
4.4	Guarantee Agreement, regarding Trust Preferred Securities, dated August 23, 2005, incorporated herein by reference to Exhibit 4.03 of the Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, filed with the SEC (SEC File No. 000-13086).
4.5	Indenture, regarding Trust Preferred Securities, dated August 23, 2005, incorporated herein by reference to Exhibit 4.04 of the Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, filed with the SEC (SEC File No. 000-13086).
10.1	Benefit Equivalency Plan of FNB Southeast, effective January 1, 1994 which is incorporated by reference to Exhibit 10 of the Quarterly Report on Form 10-QSB for the fiscal quarter ended June 30, 1995, filed with the SEC (SEC File No. 000-13086).
10.2	1994 Director Stock Option Plan, which is incorporated by reference to Exhibit 4 of the Registration Statement on Form S-8 filed with the SEC on July 15, 1994 (SEC File No. 33-81664).
10.3	1996 Omnibus Stock Incentive Plan, which is incorporated by reference to Exhibit 10.2 of the Annual Report on Form 10-K for the year ended December 31, 1995 filed with the SEC on March 28, 1996 (SEC File No. 000-11448).
10.4	Omnibus Equity Compensation Plan, which is incorporated by reference to Exhibit 10(B) of the Annual Report on Form 10-KSB40 for the fiscal year ended December 31, 1996, filed with the SEC on March 31, 1997 (SEC File No. 000-13086).
10.5	Amendment to Benefit Equivalency Plan of FNB Southeast, effective January 1, 1998., which is incorporated by reference to Exhibit 10.16 of the Annual Report on Form 10-K for the fiscal year ended December 31, 1998, filed with the SEC on March 25, 1999 (SEC File No. 000-13086)
10.6	Amendment Number 1 to 1996 Omnibus Stock Incentive Plan, which is incorporated by reference to Exhibit 4.5 of the Registration Statement on Form S-8, filed with the SEC on May 16, 2001 (SEC File No. 333-61046).

- 10.7 Long Term Stock Incentive Plan for certain senior management employees of FNB Southeast which is incorporated by reference to Exhibit 10.10 of the Annual Report on Form 10-K for the fiscal year ended December 31, 2002, filed with the SEC on March 27, 2003 (SEC File No. 000-13086).
 - 10.8 LSB Comprehensive Equity Compensation Plan for Directors and Employees, which is incorporated by reference to Appendix VI of the 2003 Proxy Statement filed with the SEC on March 16, 2004 (SEC File No. 000-11448).
 - 10.9 Form of Stock Option Award Agreement for a Director adopted under LSB Comprehensive Equity Compensation Plan for Directors and Employees, which is incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the SEC on December 23, 2004 (SEC File No. 000-11448).
 - 10.10 Form of Incentive Stock Option Award Agreement for an Employee adopted under LSB Comprehensive Equity Compensation Plan for Directors and Employees, which is incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed with the SEC on December 23, 2004 (SEC File No. 000-11448).
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Table of Contents

Exhibit No.	Description
10.11	Employment Continuity Agreement effective as of January 1, 2004 between LSB and Robert F. Lowe, which is incorporated by reference to Exhibit 10.7 of the Annual Report on Form 10-K for the year ended December 31, 2003 filed with the SEC on March 15, 2004 (SEC File No. 000-11448).
10.12	Form of Director Fee Deferral Agreement adopted under LSB Comprehensive Equity Compensation Plan for Directors and Employees, which is incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the SEC on December 29, 2004 (SEC File No. 000-11448).
10.13	Form of Employment Continuity Agreement effective as of January 1, 2004 between LSB and Robert E. Lineback, Jr. and Philip G. Gibson with a Schedule setting forth the material details in which such documents differ from the document a copy of which is filed, which is incorporated by reference to Exhibit 10.10 of the Annual Report on Form 10-K for the year ended December 31, 2003 filed with the SEC on March 15, 2004 (SEC File No. 000-11448).
10.14	Form of Employment Continuity Agreement effective as of January 1, 2004 between LSB and Ronald E. Coleman, D. Gerald Sink, Robin A. Huneycutt and Ronald W. Sink with a Schedule setting forth the material details in which such documents differ from the document a copy of which is filed, which is incorporated by reference to Exhibit 10.11 of the Annual Report on Form 10-K for the year ended December 31, 2003 filed with the SEC on March 15, 2004 (SEC File No. 000-11448).
10.15	Employment Continuity Agreement effective as of August 16, 2004 between LSB and David P. Barksdale, which is incorporated by reference to Exhibit 10.16 of the Annual Report on Form 10-K for the year ended December 31, 2004 filed with the SEC on March 11, 2005 (SEC File No. 000-11448).
10.16	April 11, 2005 Amendment to LSB Comprehensive Equity Compensation Plan for Directors and Employees, which is incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the SEC on April 15, 2005 (SEC File No. 000-11448).
10.17	Form of Amendment to the applicable Grant Agreements under the 1996 Omnibus Stock Incentive Plan, which is incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed with the SEC on April 15, 2005 (SEC File No. 000-11448).
10.18	Form of Amendment to the Incentive Stock Option Award Agreement for an Employee adopted under LSB Comprehensive Equity Compensation Plan for Directors and Employees, which is incorporated by reference to Exhibit 10.3 of the Current Report on Form 8-K filed with the SEC on April 15, 2005 (SEC File No. 000-11448).
10.19	Restated Form of Director Fee Deferral Agreement adopted under LSB Comprehensive Equity Compensation Plan for Directors and Employees, which is incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K filed with the SEC on December 23, 2005 (SEC File No. 000-11448).
10.20	Form of Stock Appreciation Rights Award Agreement adopted under LSB Comprehensive Equity Compensation Plan for Directors and Employees, which is incorporated by reference to Exhibit 99.2 of the Current Report on Form 8-K filed with the SEC on December 23, 2005 (SEC File No. 000-11448).
10.21	LSB Management Incentive Plan, which is incorporated by reference to Exhibit 99.3 of the Current Report on Form 8-K filed with the SEC on December 23, 2005 (SEC File No. 000-11448).
10.22	2006 LSB Bank Director Compensation Schedule, which is incorporated by reference to Exhibit 99.4 of the Current Report on Form 8-K filed with the SEC on December 23, 2005 (SEC File No. 000-11448).
10.23	Employment Agreement dated January 25, 2007, between FNB and FNB Southeast, as employer, and Pressley A. Ridgill, President and Chief Executive Officer of the Bank and President of Bancorp, which is incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K filed with the SEC on January 30, 2007 (SEC File No. 000-13086).
10.24	Agreement and Plan of Merger by and between LSB and FNB, which is incorporated by reference as Exhibit 2.1 of the Current Report on Form 8-K filed with the SEC on February 27, 2007 (SEC File No. 000-11448).

- 10.25 Agreement and Plan of Bank Merger by and between FNB Southeast, LSB Bank, LSB and FNB, which is incorporated by reference as Exhibit 2.2 of the Current Report on Form 8-K filed with the SEC on February 27, 2007 (SEC File No. 000-11448).
- 10.26 Change of Control Severance Plan of FNB Southeast which is incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K, filed with the SEC on May 25, 2005 (SEC File No. 000-13086).
- 10.27 NewBridge Bancorp Amended and Restated Long Term Stock Incentive Plan, formerly the “FNB Long Term Stock Incentive Plan” (the “2006 Omnibus Plan”), dated March 19, 2008.
- 10.28 Amendment and Waiver to Employment and Change of Control Agreement, among FNB, FNB Southeast and Pressley A. Ridgill which is incorporated by reference to Exhibit 10.27 of the Registration Statement on Form S-4 POS filed with the SEC on June 18, 2007 (SEC File No. 000-11448).
- 10.29 Amendment and Waiver to Employment Continuity Agreement, between LSB and David P. Barksdale which is incorporated by reference to Exhibit 10.30 of the Registration Statement on Form S-4 POS filed with the SEC on June 18, 2007 (SEC File No. 000-11448).

Table of Contents

Exhibit No.	Description
10.30	Employment and Change of Control Agreement among Bancorp, LSB Bank and Michael Shelton, dated September 27, 2007 which is incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K filed with the SEC on October 1, 2007 (SEC File No. 000-11448).
10.31	Long Term Management Incentive Plan of FNB Southeast which is incorporated by reference to Exhibit 10.23 of the Annual Report on Form 10-K for the fiscal year ended December 31, 2005, filed with the SEC on March 23, 2006 (SEC File No. 000-13086).
10.32	FNB Amended and Restated Directors Retirement Policy, which is incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K, filed with the SEC on August 3, 2007 (SEC File No. 000-11448).
10.33	Amendment to the FNB Directors and Senior Management Deferred Compensation Plan Trust Agreement among Regions Bank d/b/a/ Regions Morgan Keegan Trust, FNB Southeast and FNB, dated July 31, 2007, which is incorporated by reference to Exhibit 99.2 of the Current Report on Form 8-K, filed with the SEC on August 3, 2007 (SEC File No. 000-11448).
10.34	Employment and Change of Control Agreement with William W. Budd, Jr. which is incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K, filed with the SEC on March 14, 2008 (SEC File No. 000-11448).
10.35	Employment and Change of Control Agreement with Richard Balentine, which is incorporated by reference to Exhibit 99.2 of the Current Report on Form 8-K, filed with the SEC on March 14, 2008 (SEC File No. 000-11448).
10.36	Employment and Change of Control Agreement with Jerry W. Beasley, which is incorporated by reference to Exhibit 99.3 of the Current Report on Form 8-K, filed with the SEC on March 14, 2008 (SEC File No. 000-11448).
10.37	Employment and Change of Control Agreement with Robin S. Hager, which is incorporated by reference to Exhibit 99.4 of the Current Report on Form 8-K, filed with the SEC on March 14, 2008 (SEC File No. 000-11448).
10.38	Employment and Change of Control Agreement with Paul McCombie, which is incorporated by reference to Exhibit 99.5 of the Current Report on Form 8-K, filed with the SEC on March 14, 2008 (SEC File No. 000-11448).
10.39	Employment and Change of Control Agreement with George Richard Webster, which is incorporated by reference to Exhibit 99.6 of the Current Report on Form 8-K, filed with the SEC on March 14, 2008 (SEC File No. 000-11448).
10.40	Directors and Senior Management Deferred Compensation Plan Trust Agreement between FNB Southeast and Morgan Trust Company, which is incorporated by reference to Exhibit 99.7 of the Current Report on Form 8-K, filed with the SEC on March 14, 2008 (SEC File No. 000-11448).
10.41	Second Amendment to the Directors and Senior Management Deferred Compensation Plan and Directors Retirement Policy Trust Agreement among Regions bank d/b/a/ Regions Morgan Keegan Trust, Bancorp and the Bank, which is incorporated by reference to Exhibit 99.8 of the Current Report on Form 8-K, filed with the SEC on March 14, 2008 (SEC File No. 000-11448).
10.42	Bancorp Non-Qualified Deferred Compensation Plan for Directors and Senior Management, which is incorporated by reference to Exhibit 99.9 of the Current Report on Form 8-K, filed with the SEC on March 14, 2008 (SEC File No. 000-11448).
10.43	First Amendment to the Bancorp Non-Qualified Deferred Compensation Plan for Directors and Senior Management, which is incorporated by reference to Exhibit 99.10 of the Current Report on Form 8-K, filed with the SEC on March 14, 2008 (SEC File No. 000-11448).
31.01	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.02	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.01	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 9, 2008

NEWBRIDGE BANCORP

(Registrant)

By: /s/ Michael W. Shelton

Name: Michael W. Shelton

Title: Executive Vice President and Chief Financial Officer
(Authorized Officer)

EXHIBIT INDEX

Exhibit No.	Description
10.27	NewBridge Bancorp Amended and Restated Long Term Stock Incentive Plan, formerly the “FNB Long Term Stock Incentive Plan” (the “2006 Omnibus Plan”), dated March 19, 2008.
31.01	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (“SOX”).
31.02	Certification Pursuant to Section 302 of SOX.
32.01	Certification Pursuant to Section 906 of SOX.

NEWBRIDGE BANCORP

**Amended and Restated
Long-Term Stock Incentive Plan**

Approved by Shareholders of FNB Financial Services Corporation May 18, 2006

TABLE OF CONTENTS

- I. Long-Term Stock Incentive Plan
 - 1. Purpose
 - 2. Definitions
 - 3. Administration
 - 4. Term of Plan/Common Stock Subject to Plan
 - 5. Eligibility
 - 6. Stock Options
 - 7. Restricted Awards
 - 8. Performance Units
 - 9. Deferral Elections
 - 10. Termination of Employment
 - 11. Non-transferability of Awards
 - 12. Changes in Capitalization and Other Matters
 - 13. Change in Control
 - 14. Amendment, Suspension and Termination
 - 15. Miscellaneous
 - II. Incentive Stock Option Agreement
 - III. Non-Qualified Stock Option Agreement for Key Employees
 - IV. Non-Qualified Stock Option Agreement for Non-Employee Directors
 - V. Restricted Stock Agreement
 - VI. Performance Unit Agreement
-

NEWBRIDGE BANCORP

LONG-TERM STOCK INCENTIVE PLAN

1. Purpose. The purpose of this Plan is to further and promote the interests of NewBridge Bancorp (successor to FNB Financial Services Corporation) (the “Company”) and its shareholders by enabling the Company and its Subsidiaries to attract, retain and motivate key employees and directors, and to align the interests of such key employees and directors with those of the Company’s shareholders. Additionally, this Plan’s objectives are to provide a competitive reward for achieving longer-term goals, provide balance to short-term incentive awards, and reinforce a one company perspective. To do so, this Plan offers performance-based stock incentives and other equity-based incentive awards and opportunities to provide such key employees and directors with a proprietary interest in maximizing the growth, profitability and overall success of the Company.

2. Definitions. For purposes of this Plan, the following terms shall have the meanings set forth below:

2.1 “Award” means an award, grant or issuance of an Option, Restricted Stock and/or Performance Unit made to a Participant under Sections 6, 7, and/or 8.

2.2 “Award Agreement” means the agreement executed by a Participant pursuant to Sections 3.2 and 15.7 in connection with the granting of an Award.

2.3 “Board” means the Board of Directors of the Company, as constituted from time to time.

2.4 “Change in Control” means a “change in control” as defined by Section 409A. As of the date of the adoption of this Amended and Restated 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.

2.4.1 “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.

2.4.2 “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.

2.4.3 “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.

2.5 “Code” means the Internal Revenue Code of 1986, as in effect and as amended from time to time, or any successor statute thereto, together with any rules, regulations and interpretations promulgated thereunder or with respect thereto.

2.6 “Committee” means the Compensation Committee of the Board, as constituted in accordance with Section 3.

2.7 “Common Stock” means the common stock of the Company.

2.8 “Company” means NewBridge Bancorp (successor to FNB Financial Services Corporation), a North Carolina corporation, and any successor thereto.

2.9 “Corporate Transaction” means any one or more of the following transactions:

- (i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state in which the Company is incorporated;
 - (ii) the sale, transfer, or other disposition of all or substantially all of the assets of the Company (including without limitation the capital stock of the Company’ s Subsidiaries);
 - (iii) approval by the Company’ s shareholders of any plan or proposal for the complete liquidation or dissolution of the Company;
any reverse merger in which the Company is the surviving entity but in which securities possessing more than fifty (50%) percent of the total combined voting power of the Company’ s outstanding securities are transferred to a person or entity or persons or entities different from those that held such securities immediately prior to such merger; or
 - (iv) acquisition by any person or entity or related group of persons or entities (other than the Company or a Company-sponsored employee benefit plan) of beneficiary ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty (50%) percent of the total combined voting power of the Company’ s outstanding securities (whether or not in a transaction also constituting a Change in Control).
 - (v)
-

2.10 “Death” means the date and time of death of a Participant who has received an Award, as established by the relevant death certificate.

2.11 “Disability” means the date on which (A) 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, 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 at least 3 months under an accident and health plan covering employees of the Participant’s employer. If a Participant is determined to be totally disabled by the Social Security Administration, he shall also be considered totally and permanently disabled for purposes of the Plan.

2.12 “Exchange Act” means the Securities Exchange Act of 1934, as in effect and as amended from time to time, or any successor statute thereto, together with any rules, regulations and interpretations promulgated thereunder or with respect thereto.

2.13 “Fair Market Value” 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.

2.14 “Incentive Stock Option” means any stock option granted pursuant to the provisions of Section 6 that is intended to be (and is specifically designated as) an “incentive stock option” within the meaning of Section 422 of the Code.

2.15 “Non-Employee Director” means a member of the Board or of the Board of Directors of a Subsidiary who is not an employee of the Company or any Subsidiary.

2.16 “Non-Qualified Stock Option” means any stock option awarded pursuant to the provisions of Section 6 of the Plan that is not an Incentive Stock Option.

2.17 “Parent” means a corporation, other than the Company, in an unbroken chain of corporations ending with the Company, if on the date of grant of an Award each corporation, other than the Company, owns stock possessing at least fifty (50%) percent of the total combined voting power of all classes of stock in one of the other corporations in the chain.

2.18 “Participant” means a key employee or Non-Employee Director who is selected by the Committee under Section 5 to receive an Award.

2.19 “Performance Units” means the units of monetary value granted under Section 8.

2.20 “Plan” means this NewBridge Bancorp Long-Term Stock Incentive Plan, as in effect and as amended from time to time (together with any rules and regulations promulgated by the Committee with respect thereto).

2.21 “Registration” means the registration by the Company under the Securities Act and applicable state securities and “blue sky” laws of this Plan, the Offering of Awards under this Plan, and/or Common Stock acquirable under this Plan.

2.22 “Related Entity” means a corporation or other entity, other than the Company, to which the Participant primarily provides services on the date of grant of an Award, and any corporation or other entity, other than the Company, in an unbroken chain of corporations or other entities beginning with the Company in which each corporation or other entity has a controlling interest in another corporation or other entity in the chain, ending with the corporation or other entity that has a controlling interest in the corporation or other entity to which the Participant primarily provides services on the date of grant of an Award. For a corporation, a controlling interest means ownership of stock possessing at least fifty (50%) percent of total combined voting power of all classes of stock, or at least fifty (50%) percent of the total value of all classes of stock. For a partnership or limited liability company, a controlling interest means ownership of at least fifty

(50%) percent of the profits interest or capital interest of the entity. In determining ownership, the rules of Treasury Regulation §§1.414(c)-3 and 1.414(c)-4 apply.

2.23 “Related Entity Disposition” means the sale, distribution, or other disposition by the Company, Parent, or a Subsidiary of all or substantially all of the interests of the Company, Parent, or a Subsidiary in any Related Entity effected by a sale, merger, consolidation, or other transaction involving that Related Entity, or the sale of all or substantially all of the assets of that Related Entity, other than any Related Entity Disposition to the Company, Parent, or a Subsidiary.

2.24 “Restricted Award” means an Award of Restricted Stock pursuant to the provisions of Section 7.

2.25 “Restricted Stock” means the restricted shares of Common Stock granted pursuant to the provisions of Section 7 with the restriction that the holder may not sell, transfer, pledge, or assign such Restricted Stock and such other restrictions (which other restrictions may expire separately or in combination, at one time, from time to time or in installments), as determined by the Committee in accordance with and as set forth in this Plan and/or the relevant Award Agreement.

2.26 “Retirement” means (i) as to officers and employees, retirement from active employment with the Company and its Subsidiaries and receiving benefits under the Company’s retirement plan, and (ii) as to Non-Employee Directors, the same as “Retirement” under the “Retirement Policy” in effect for the Board of Directors on which the Participant was serving upon receipt of an Award; provided, however, that in the case of any Award granted under the Plan to which Section 409A applies, the Participant must have a Separation from Service in order to obtain payment of the Award due to Retirement.

2.27 “Section 409A” means Section 409A of the Code, as amended, including regulations and guidance issued thereunder from time to time.

2.28 “Section 424 Corporate Transaction” means the occurrence, in a single transaction or a series of related transactions, of any one or more of the following: (i) a sale or disposition of all or substantially all of the assets of the Company and its Subsidiaries; (ii) a sale or other disposition of more than fifty (50%) percent of the outstanding stock of the Company; (iii) the consummation of a merger, consolidation, or similar transaction after which the Company is not the surviving corporation; (iv) the consummation of a merger, consolidation, or similar transaction after which the Company is the surviving corporation but the shares outstanding immediately preceding the merger, consolidation, or similar transaction are converted or exchanged by reason of the transaction into other stock, property, or cash; or (v) a distribution by the Company (excluding an ordinary dividend or a stock split or stock dividend described in Treasury Regulation §1.424-1(e)(4)(v)).

2.29 “Securities Act” means the Securities Act of 1933, as in effect and amended from time to time, or any successor statute thereto, together with any rules, regulations and interpretations promulgated thereunder or with respect thereto.

2.30 “SEC” means the Securities and Exchange Commission and any successor thereto.

2.31 “Separation from Service” means an employee, director, and contractor to the Company, Bank, and all Parents and Related Entities 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, Bank, a Parent or a Related Entity 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, Bank, Parent, or Related Entity. 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.

2.32 “Specified Employee” means “specified employee” as defined by Section 409A. As of the date of the adoption of this Amended and Restated 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).

2.33 “Stock Options” means Incentive Stock Options and Non-Qualified Stock Options.

2.34 “Subsidiary(ies)” means a subsidiary corporation, whether now or hereafter existing, under Code Section 424(f).

3. Administration.

3.1 The Committee. This Plan shall be administered by the Committee. The Committee shall be appointed from time to time by the Board and shall be comprised of not less than three (3) of the then members of the Board who are “non-employee directors” within the meaning of SEC Regulation §240.16b-3 or any successor thereto. Members of the Committee shall serve at the pleasure of the Board, and the Board may at any time and from time to time remove members from the Committee, or, subject to the immediately preceding sentence, add members to the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business. Any act or acts approved in writing by all of the members of the Committee then serving shall be the act or acts of the Committee (as if taken by unanimous vote at a meeting of the Committee duly called and held).

3.2 Plan Administration and Plan Rules. The Committee is authorized to construe and interpret this Plan and to promulgate, amend and rescind rules, policies and regulations relating to the implementation, administration and maintenance of this Plan; provided, however, that the Plan shall be administered and interpreted in a manner so as to comply with Section 409A to the extent that Section 409A applies to any portion(s) of the Plan. Subject to the terms and conditions of this Plan, the Committee shall make all determinations necessary or advisable for the implementation, administration and maintenance of this Plan including, without limitation, (a) selecting Participants, (b) making Awards in such amounts and form as the Committee shall determine, (c) imposing such restrictions, terms and conditions upon such Awards as the Committee shall deem appropriate, and (d) correcting any defect or omission, or reconciling any inconsistency, in this Plan and/or any Award Agreement, in each case subject to requirements and limitations of applicable provisions of the Code. The Committee may designate persons other than members of the Committee to carry out the day-to-day administration of this Plan under such conditions and limitations as it may prescribe, except that the Committee shall not delegate its authority with regard to selection for participation in this Plan and/or the granting of any Awards to Participants. The Committee’s determinations under this Plan need not be uniform and may be made selectively among Participants, whether or not such Participants are similarly situated. Any determination, decision or action of the Committee in connection with the construction, interpretation, administration, implementation or maintenance of this Plan shall be final, conclusive and binding upon all Participants and any person(s) claiming under or through any Participant(s). The Company shall effect the granting of Awards under this Plan, in accordance with the determinations made by the Committee, by execution of written agreements and/or other instruments in such form as is approved by the Committee.

3.3 Section 409A Matters. This Plan has been amended and restated following the addition of Section 409A to the Code by the American Jobs Creation Act of 2004. It is intended that the Plan and the Awards issued hereunder fall within available exemptions from the application

of Section 409A (the incentive stock option exemption, the exemption for certain nonqualified stock options and stock appreciation rights issued at Fair Market Value, the restricted property exemption, and/or the short-term deferral exemption). Thus, it is intended that the Awards fall outside the scope of Section 409A and are not required to comply with the Section 409A requirements. The Plan and the Awards will be administered and interpreted in a manner consistent with the intent set forth herein. Notwithstanding anything to the contrary in this Plan or in any Award Agreement, (i) this Plan and each Award Agreement may be amended from time to time as the Committee may determine to be necessary or appropriate in order to avoid any grant of any Rights, this Plan, or any Award Agreement from resulting in the inclusion of any compensation in the gross income of any Participant under Section 409A as amended from time to time, and (ii) if any provision of this Plan or of any Award Agreement would otherwise result in the inclusion of any compensation in the gross income of any Participant under Section 409A as amended from time to time, then such provision shall not apply as to such Participant and the Committee, in its discretion, may apply in lieu thereof another provision that (in the judgment of the Committee) accomplishes the intent of this Plan or such Award Agreement without resulting in such inclusion so long as such action by the Committee does not violate Section 409A. The Company makes no representation or warranty regarding the treatment of this Plan or the benefits payable under this Plan or any Award Agreement under federal, state or local income tax laws, including Section 409A.

3.4 Liability Limitation. Neither the Board nor the Committee, nor any member of either, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan (or any Award Agreement), and the members of the Board and the Committee shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by the Amended and Restated Articles of Incorporation and/or Bylaws of the Company as then in effect and to the fullest extent under any directors' and officers' liability insurance coverage which may be in effect from time to time.

4. Term of Plan/Common Stock Subject to Plan.

4.1 Term. This Plan shall terminate on May 18, 2016, except with respect to Awards then outstanding. After such date no further Awards shall be granted under the Plan.

4.2 Common Stock Subject to Plan.

4.2.1 Common Stock. The Board shall reserve for Awards under this Plan 500,000 shares of the authorized and unissued shares of Common Stock. In the event of a change in the Common Stock of the Company that is limited to a change in the designation thereof to "Capital Stock" or other similar designation, or to a change in the par value thereof, or from par value to no par value, without increase or decrease in the number of issued shares, the shares resulting from any such change shall be deemed to be the Common Stock for purposes of this Plan. Common Stock which may be issued under this Plan shall be authorized and unissued shares. No fractional shares of Common Stock shall be issued under this Plan.

4.2.2 Maximum Number of Shares. The maximum number of shares of Common Stock for which Awards may be granted to any Participant in any year is 50,000 shares.

4.2.3 Available Shares. Subject to Section 4.3, the maximum number of shares of Common Stock authorized for issuance under this Plan shall be 500,000.

4.3 Computation of Available Shares. For the purpose of computing the total number of shares of Common Stock available for Awards, there shall be counted against the limitations set forth in Section 4.2 the maximum number of shares of Common Stock potentially subject to issuance upon exercise or settlement of Awards granted under Section 6, the number of shares of Common Stock issued or subject to potential issuance under Awards of Restricted Stock pursuant to Section 7, and the maximum number of shares of Common Stock potentially issuable under Awards of Performance Units pursuant to Section 8, in each case determined as of the date on which such Awards are granted. If any Awards expire unexercised or are forfeited, surrendered, canceled, terminated or settled in cash in lieu of Common Stock, the shares of Common Stock which were theretofore subject (or potentially subject) to such Awards shall again be available for Awards under this Plan to the extent of such expiration, forfeiture, surrender, cancellation, termination or settlement of such Awards; provided, however, that forfeited Awards shall not again be available for Awards under this Plan if the Participant received, directly or indirectly, any of the benefits of ownership of the securities of the Company underlying such Award, including, without limitation, the benefit described in Section 7.6.

5. Eligibility. Employees eligible for Awards under the Plan shall consist of key employees who are officers or managers of the Company and/or its Subsidiaries who are responsible for the management, growth and protection of the business of the Company and/or its Subsidiaries and whose performance or contribution, in the sole discretion of the Committee, benefits or will benefit the Company in a significant manner. Non-employees (e.g., those with third party relationships such as Non-Employee Directors of the Company and/or a Subsidiary) shall be eligible Participants for Awards of Non-Qualified Stock Options and/or Restricted Stock at the sole discretion of the Committee.

6. Stock Options.

6.1 Terms and Conditions. Stock Options awarded under this Plan may be in the form of Incentive Stock Options or Non-Qualified Stock Options. Such Stock Options shall be subject to the terms and conditions set forth in this Section 6 and any additional terms and conditions, not inconsistent with the express terms and provisions of this Plan, as the Committee shall set forth in the relevant Award Agreement.

6.2 Grant. Stock Options may be granted under this Plan in such form as the Committee may from time to time approve. Stock Options may be granted alone or in addition to other Awards. Notwithstanding the above, no Incentive Stock Options shall be granted to any employee who owns more than ten percent (10%) of the combined total voting power of the Company or any Subsidiary, unless the requirements of Section 422(c)(6) of the Code are satisfied.

6.3 Exercise Price. The exercise price per share of Common Stock subject to a Stock Option shall be determined by the Committee at the time of Award; provided, however, that the exercise price of any Stock Option shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock (as defined in Section 2.12 above) on the date of the Award of such Stock Option. For any Participant who owns ten percent (10%) or more of the combined total voting power of the Company or any Subsidiary, the exercise price of an Incentive Stock Option shall not be less than one hundred ten percent (110%) of such Fair Market Value.

6.4 Requirements for Non-Qualified Stock Options. All Non-Qualified Stock Options shall be issued at no less than 100% of Fair Market Value as provided for in Section 6.3. The number of shares subject to each Non-Qualified Stock Option will be fixed in the applicable Award Agreement. When the Non-Qualified Stock Options are transferred or exercised, the transfer or exercise shall be subject to taxation under Code Section 83 and Treasury Regulation §1.83-7. No Non-Qualified Stock Option awarded hereunder shall contain any feature for the deferral of compensation other than the deferral of recognition of income until the later of exercise or disposition of the option under Treasury Regulation §1.83-7 or the time the stock acquired pursuant to the exercise of the option first becomes substantially vested as defined in Treasury Regulation §1.83-3(b). Further, each Non-Qualified Stock Option will comply with any other Section 409A requirement in order to maintain the status of the Non-Qualified Stock Option as exempt from the requirements of Section 409A.

6.5 Term. The term of each Stock Option shall be such period of time as is fixed by the Committee at the time of grant; provided, however, that the term of any Incentive Stock Option shall not exceed ten (10) years after the date the Incentive Stock Option is awarded. For any Participant who owns ten percent (10%) or more of the combined total voting power of the Company or any Subsidiary, the term of each Incentive Stock Option shall not exceed five (5) years.

6.6 Method of Exercise. A Stock Option may be exercised, in whole or in part, by giving written notice of exercise to the Corporate Secretary of the Company, or such other officer of the Company as the Committee shall designate, specifying the number of shares to be purchased. Such notice shall be accompanied by payment in full of the exercise price in cash, by certified check, bank draft or money order payable to the order of the Company or, if permitted by the terms of the relevant Award Agreement and applicable law, by delivery of, alone or in conjunction with a partial cash or instrument payment, (a) a fully-secured, recourse promissory note, or (b) shares of Common Stock already owned by the Participant or to be received upon exercise of the Stock Option in a "cashless exercise." The Committee may, in the relevant Award Agreement, also permit a Participant (either on a selective or group basis) to simultaneously exercise Stock Options and sell the shares of Common Stock thereby acquired, and use the proceeds from such sale as payment of the exercise price of such Stock Options. Payment instruments shall be received by the Company subject to collection. The proceeds received by the Company upon exercise of any Stock Option may be used by the Company for general corporate purposes.

6.7 Date of Exercise. Vesting dates of Stock Options awarded to a Participant will be specified in the applicable Award Agreement at the discretion of the Committee. Stock Options that meet the vesting requirements may be exercised in whole or in part at any time and from time to time during their specified terms.

6.8 Shareholder Rights. Until Stock Options are exercised, a Participant shall not have any right to vote, or receive dividends, or any other rights as a shareholder. In addition, on exercise of a Stock Option, the Participant shall not be entitled to any dividends declared and paid on the shares between the date of grant and the date of exercise.

7. Restricted Awards.

7.1 Terms and Conditions. Restricted Awards shall be in the form of grants of Restricted Stock. Restricted Awards shall be subject to the terms and conditions set forth in this Section 7 and any additional terms and conditions, not inconsistent with the express terms and provisions of this Plan, as the Committee shall set forth in the relevant Award Agreement.

7.2 Restricted Stock Grants. An Award of Restricted Stock is an Award of shares of Common Stock, in uncertificated form, issued to and registered with the Company's designated Stock Transfer Agent, in the name of the applicable Participant, subject to such restrictions, terms and conditions as the Committee deems appropriate, including, without limitation, restrictions on the sale, assignment, transfer, pledge, hypothecation or other disposition of such shares and the requirements that the Participant deposit such shares with the Company while such shares are subject to such restrictions and that such shares be forfeitable for the reasons set forth in the applicable Award Agreement.

7.3 Grants of Awards.

7.3.1 Restricted Awards may be granted alone or in addition to any other Awards. Subject to the terms of this Plan, the Committee shall determine the number of Restricted Awards to be granted to a Participant and the Committee may impose different terms and conditions on any particular Restricted Award made to any Participant.

7.3.2 Each Restricted Award of Restricted Stock shall be issued in an uncertificated form and registered in the name of the Participant. The stock transfer books of the Company's designated Stock Transfer Agent shall be noted with the following legend with reference to the shares made subject to such Restricted Award.

"These shares are subject to the terms and restrictions of the NewBridge Bancorp Long-Term Stock Incentive Plan; such shares are subject to forfeiture or cancellation under the terms of said Plan; and such shares shall not be sold, transferred, assigned, pledged, encumbered, or otherwise alienated or hypothecated except pursuant to the provisions of said Plan, a copy of which Plan is available from NewBridge Bancorp upon request."

Such Award shall be held in uncertificated form until the restrictions thereon shall have lapsed and all of the terms and conditions applicable thereto have been satisfied.

7.4 Restriction Period. In accordance with Sections 7.1 and 7.2, Restricted Awards 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"). 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 member of the Board, as applicable, after the date on which such Restricted 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 member of the Board, as applicable, after the date on which such Restricted Award is granted. During the Restriction Period applicable to a Restricted Award, 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 payment of the Restricted Award or a portion thereof, as the case may be, as provided in Section 7.5.

7.5 Payment of Awards.

7.5.1 Restricted Stock Grants. After the satisfaction and/or lapse of the restrictions, terms and conditions set by the Committee in respect of a Restricted Award of Restricted Stock, a certificate for the number of shares of Common Stock issued which are no longer subject to such restrictions, terms and conditions shall be delivered to the Participant on the 30th day following the satisfaction and/or lapse of the restrictions, terms and conditions. The remaining shares, if any, issued in respect of such Restricted Award shall either be forfeited and canceled, or shall continue to be subject to the restrictions, terms and conditions set by the Committee, as the case may be.

7.6 Shareholder Rights. A Participant shall have, with respect to the shares of Common Stock received under a Restricted Award of Restricted Stock, all of the rights of a shareholder of the Company, including, without limitation, the right to vote the shares and to receive any cash dividends. Cash dividends shall be paid on the Restricted Stock at the time cash dividends are paid to stockholders generally. Stock dividends issued with respect to such Restricted Stock shall be treated as additional Awards of Restricted Stock grants and shall be subject to the same restrictions and other terms and conditions that apply to the shares of Restricted Stock with respect to which such stock dividends are issued.

8. Performance Units.

8.1 Terms and Conditions. Awards of Performance Units shall be subject to the terms and conditions set forth in this Section 8 and any additional terms and conditions, not inconsistent with the express provisions of this Plan, as the Committee shall set forth in the relevant Award Agreement.

8.2 Performance Unit Grants. A Performance Unit is an Award of units (with each unit representing such monetary amount as is designated by the Committee in the Award Agreement) granted to a Participant, subject to such terms and conditions as the Committee deems appropriate, including, without limitation, the requirement that the Participant forfeit such units (or a

portion thereof) in the event certain performance criteria are not met within a designated period of time.

8.3 Grants. Performance Units may be awarded alone or in addition to any other Awards. Subject to the terms of this Plan, the Committee shall determine the number of Performance Units to be awarded to a Participant and the Committee may impose different terms and conditions on any particular Performance Units awarded to any Participant.

8.4 Performance Goals and Performance Periods. Participants receiving Awards of Performance Units shall only earn into and be entitled to payment in respect of such Awards if the Company, a Subsidiary and/or a division of the Company specified by the Committee (a "Division") and/or the Participant satisfy certain performance goals (the "Performance Goals") during and in respect of one of more designated performance period(s) of at least twelve consecutive months as determined by the Committee (the "Performance Period"). Performance Goals and the Performance Period(s) shall be established by the Committee in its sole discretion and shall be set forth in writing in the Award Agreement. Performance Periods may overlap each other from time to time, and the Committee may set different Performance Periods for different Performance Goals. The Committee shall establish Performance Goals for each Performance Period prior to the commencement of such Performance Period. 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). 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. Such performance measures shall be defined as to their respective components and meanings by the Committee in its sole discretion as set forth in writing in the Award Agreement. If the Participant and/or the Division and/or the Company do not meet the Performance Goals within the Performance Period(s) established in the Award Agreement, the Performance Units awarded thereunder shall be forfeited.

For example, an Award Agreement may require a Participant to meet a certain sales goal at the end of a 12 month period and also require the Company to meet a total shareholder return within a three year period, with the total shareholder return measured at the end of each calendar year occurring within the three year period. In this case, if a Participant meets the sales goal at the end of the 12 month period but the Company does not meet the total shareholder return at that time, the Participant shall not be entitled to any payment at that time. However, he could become entitled to payment if the Company later meets the required total shareholder return at the end of the second year or third year as provided in the Award Agreement. At the end of the third year, if the Company has not met the required total shareholder return, the Performance Units will be forfeited.

8.5 Payment of Units. With respect to each Performance Unit, the Participant shall, if the applicable Performance Goals have been satisfied by the Company, a Subsidiary, a Division and/or the Participant, as applicable, 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 60th day following the conclusion of the applicable Performance Period(s) in cash, in shares of unrestricted Common Stock or in Restricted Stock, as the Committee, in its sole discretion, shall determine and provide in the relevant Award Agreement.

9. Deferral Elections. The Committee may permit a Participant to elect to defer receipt of any payment of cash or any delivery of shares of Common Stock that would otherwise be due to such Participant by virtue of the exercise, earn out or settlement of any Award made under the Plan other than an Award of Stock Options (see Section 9.1 below).

9.1 Stock Options awarded under Section 6 shall not be deferred under this Section 9.

9.2 If so provided in the Award Agreement, payment of Restricted Units may be deferred by the Participant if the following conditions are met: (i) the Participant makes his deferral election on or before the 30th day following the grant of the Award, (ii) at the time of the deferral election, the Participant must continue to work for at least 12 months in order to obtain the right to payment of the Restricted Units, and (iii) the Performance Period will not end for at least 12 months following the date of the deferral election.

9.3 If so provided in the Award Agreement, payment of Performance Units may be deferred by the Participant if the following conditions are met: (i) the Participant is employed continuously from the date the Performance Goals are established through the date of the deferral election, and (ii) the Participant makes his deferral election at least 6 months prior to the end of the last Performance Period giving rise to the Participant's right to payment of Performance Units. Provided, however, that in no event will an election to defer be made after the payment of the Performance Units has become both substantially certain and readily ascertainable.

If a deferral election is permitted under this Section 9, the Committee shall establish rules and procedures for such deferrals, including, without limitation, the payment or crediting of reasonable interest on such deferred amounts credited in cash or the crediting of dividend equivalents in respect of deferred Awards credited in shares of Common Stock.

10. Termination of Employment or Service.

10.1 General. Subject to the terms and conditions of Section 13, if, and to the extent, the terms and conditions under which an Award may be exercised, earned out or settled after a Participant's termination of employment or a Non-Employee Director ceases to be a director, for any particular reason shall not have been set forth in the relevant Award Agreement, by and as determined by the Committee in its sole discretion and in accordance with Section 409A to the extent Section 409A applies to the Award, the following terms and conditions shall apply as appropriate and as not inconsistent with the terms and conditions, if any, of such Award Agreement:

10.1.1 Except as otherwise provided in this Section 10.1.1:

(a) If the employment by the Company or any of its Subsidiaries of a Participant who as an employee or the term of a Participant who is a Non-Employee Director is terminated for any reason (other than Disability, Retirement or Death) while Stock Options granted to such Participant are non-vested, such Participant's rights, if any, to exercise any non-vested Stock Options, if any, shall immediately terminate and the Participant (and such Participant's estate, designated beneficiary or other legal representative) shall forfeit any rights or interest in or with respect to any such Stock Options. In the event of Disability, Retirement or Death while a Participant's Stock Options are non-vested, such non-vested Stock Options shall become vested to the extent determined by the Committee.

(b) The Committee, in its sole discretion, may determine that vested Incentive Stock Options, if any, of a Participant whose employment or whose term as a director, as applicable, terminates other than by reason of Disability, Retirement or Death, to the extent exercisable immediately prior to such termination of employment or service as a director, may remain exercisable for a specified time period not to exceed thirty (30) days after such termination (subject to the applicable terms and provisions of this Plan [and any rules or procedures hereunder]).

(c) If a Participant's termination of employment is due to Disability, a Participant shall have the right, subject to the applicable terms and provisions of this Plan (and any rules or procedures hereunder) and the relevant Award Agreement, to exercise Incentive Stock Options, if any, at any time within the period ending on the earlier of the end of the term of such Incentive Stock Options and the first anniversary of the date of termination due to Disability (to the extent such Participant was entitled to exercise any such Incentive Stock Options immediately prior to such termination).

(d) If a Participant's termination of employment is due to Retirement, a Participant shall have the right, subject to the applicable terms and provisions of this Plan (and any rules or procedures hereunder) and the relevant Award Agreement, to exercise Incentive Stock Options, if any, at any time within three (3) months following such termination due to Retirement (to the extent such Participant was entitled to exercise any such Incentive Stock Options immediately prior to such termination).

(e) If any Participant dies while entitled to exercise a Stock Option, if any, such Participant's estate, designated beneficiary or other legal representative, as the case may be, shall have the right, subject to the applicable provisions of the Plan (and any rules or procedures hereunder) and the relevant Award Agreement, to exercise such Stock Options, if any, at any time within one (1) year from the date of such Participant's Death (but in no event more than one (1) year from the date of such Participant's termination of employment due to Disability or three (3) months from the date of such Participant's termination of employment due to Retirement, as applicable).

(f) If vested Stock Options held by a Participant whose employment is terminated by reason of Disability or Retirement are Non-Qualified Stock Options the Participant shall have the right, subject to the applicable terms and provisions of this Plan

(and any rules and procedures hereunder) and the relevant Award Agreement, to exercise such Non-Qualified Stock Options at any time following the Participant's termination of employment (to the extent the Participant was entitled to exercise such Non-Qualified Stock Options immediately prior to such termination) and prior to the expiration date of such Non-Qualified Stock Options as fixed by the Committee and set forth in the Award Agreement related thereto.

(g) If a Non-Employee Director ceases to be a director for any reason (other than Disability, Retirement or Death) while Non-Qualified Stock Options granted to such Non-Employee Director are non-vested, such Non-Employee Director's rights, if any, to exercise any non-vested Non-Qualified Stock Options, if any, shall immediately terminate and the Non-Employee Director (and such Non-Employee Director's estate, designated beneficiary or other legal representative) shall forfeit any rights or interest in or with respect to any such Non-Qualified Stock Options. In the event of the Disability, Retirement or Death of a Non-Employee Director while the Non-Employee Director's Non-Qualified Stock Options are non-vested, such non-vested, Non-Qualified Stock Options shall become vested to the extent determined by the Committee. The Committee, in its sole discretion, may determine that vested Non-Qualified Stock Options, if any, of a Non-Employee Director who ceases to be a director other than by reason of Disability, Retirement or Death, to the extent exercisable immediately prior to such cessation, may remain exercisable for a specified time period not to exceed thirty (30) days after such cessation (subject to the applicable terms and provisions of this Plan [and any rules or procedures hereunder] and the relevant Award Agreement). If the cessation of a Non-Employee Director's status as a director is due to Retirement or Disability, the Non-Employee Director shall have the right, subject to the applicable terms and provisions of this Plan (and any rules or procedures hereunder) and the relevant Award Agreement, to exercise such vested Non-Qualified Stock Options, if any, at any time within the period following such cessation due to Retirement or Disability (to the extent such Non-Employee Director was entitled to exercise any such Non-Qualified Stock Options immediately prior to such cessation) and prior to the expiration date of such Non-Qualified Stock Options as fixed by the Committee and as set forth in the Award Agreement related thereto. If any Non-Employee Director dies while entitled to exercise Non-Qualified Stock Options, such Non-Employee Director's estate, designated beneficiary or other legal representative, as the case may be, shall have the right, subject to the applicable provisions of this Plan (and any rules or procedures hereunder) and the relevant Award Agreement, to exercise such Non-Qualified Stock Options, if any, at any time within one (1) year from the date of such Non-Employee Director's Death.

10.1.2 Unless otherwise provided in the Award Agreement, if a Participant's employment with the Company or any of its Subsidiaries is terminated for any reason (other than Disability, Retirement or Death) prior to the satisfaction and/or lapse of the restrictions, terms and conditions applicable to Restricted Award(s), such Restricted Award or Awards shall be forfeited. If the Committee so determines in its discretion, the Award Agreement may provide that some or all of the shares of Restricted Award(s) shall become free of restrictions in the event of a Participant's Disability, Retirement or Death during the Restricted Period.

10.1.3 Unless otherwise provided in the Award Agreement, if a Participant' s employment with the Company or any of its Subsidiaries is terminated for any reason (other than Disability, Retirement or Death) prior to the completion of any Performance Period, all of such Participant' s Performance Units earnable in relation to such Performance Period shall be forfeited. If the Committee so determines in its discretion, the Award Agreement may provide that some or all of such Participant' s Performance Units will be paid if the Participant' s termination of employment is due to Disability, Retirement or Death during the Performance Period.

10.2 Payments Upon Termination of Employment and Delay of Certain Payments. For purposes of this Agreement, to the extent an Award is subject to Section 409A, and payment or exercise of such Award on account of a termination of employment or a Non-Employee Director ceasing to be a director shall only be made if the Participant incurs a Separation from Service. Payment will occur on or before the 60th day after the Separation from Service. Provided, however, that if the Participant is a Specified Employee, payment of the Award shall be made on the first day of the seventh month following the Separation from Service.

11. Non-transferability of Awards.

(a) Except as otherwise provided in Section 11(b), no Award under this Plan or any Award Agreement, and no rights or interests therein, shall or may be assigned, transferred, sold, exchanged, pledged, disposed of or otherwise hypothecated or encumbered by a Participant or any beneficiary thereof, except by testamentary disposition or the laws of descent and distribution. No such right or interest shall be subject to seizure for the payment of the Participant' s (or any beneficiary' s) debts, judgments, alimony, or separation maintenance or be transferable by operation of law in the event of the Participant' s (or any beneficiary' s) bankruptcy or insolvency. Except as otherwise provided in Section 11(b), during the lifetime of a Participant, Stock Options are exercisable only by the Participant.

(b) A Participant who holds Non-Qualified Stock Options (whether such Stock Options were Non-Qualified Stock Options when awarded or subsequent to the Award thereof became Non-Qualified Stock Options pursuant to applicable law or any provision of this Plan) may assign those Non-Qualified Stock Options to a Permitted Assignee (as defined below) at any time after the Award, but prior to the expiration date, of such Non-Qualified Stock Options if as of the time of such transfer (i) a registration statement on Form S-8 (or any successor form) filed by the Company under the Securities Act, with respect to this Plan (and the Awards granted and shares of Common Stock issuable hereunder) and (ii) a registration statement on Form S-3 (or any successor form) filed by the Company under the Securities Act with respect to shares of Common Stock issuable to Permitted Assignees have been declared effective by the SEC and all applicable state securities and "blue sky" authorities, and remain in effect. Each such transferred Non-Qualified Stock Option shall continue to be governed by the applicable terms and provisions of this Plan (and any rules or procedures hereunder) and the applicable Award Agreement with the transferor Participant, and the Permitted Assignee shall be entitled to the same rights and subject to the same obligations, restrictions, limitations and prohibitions under this Plan and such Award Agreement as the transferor Participant, as if such assignment had not taken place; provided, however, that no

Non-Qualified Stock Option assigned to a Permitted Assignee may be assigned by that Permitted Assignee. The term "Permitted Assignee" shall mean such persons and entities as are permitted assignees of Non-Qualified Stock Options under the SEC's regulations, rules and interpretations existing at the time of the proposed transfer.

12. Changes in Capitalization and Other Matters.

12.1 No Corporate Action Restriction. The existence of this Plan, Award Agreements and/or the Awards granted hereunder shall not limit, affect or restrict in any way the right or power of the Board or the shareholders of the Company to make or authorize (a) any adjustment, recapitalization, reorganization or other change in the Company's or any Subsidiary's capital structure or its business, (b) any merger, share exchange or change in the ownership of the Company or any Subsidiary, (c) any issue of bonds, debentures, capital, preferred or prior preference stocks ahead of or affecting the Company's or any Subsidiary's capital stock or the rights thereof, (d) any dissolution or liquidation of the Company or any Subsidiary, (e) any sale or transfer of all or any part of the Company's or any Subsidiary's assets or business, or (f) any other corporate act or proceeding by the Company or any Subsidiary. No Participant, Permitted Assignee, beneficiary or any other person shall have any claim against any member of the Board, the Committee, the Company or any Subsidiary as a result of any such action.

12.2 Recapitalization Adjustments. Subject to any required action by the Company's shareholders, the number of shares of Common Stock covered by each outstanding Award, and the number of shares of Common Stock that have been authorized for issuance under the Plan but as to which no Awards have yet been granted or that have been returned to the Plan, the exercise or purchase price of each such outstanding Award, as well as any other terms that the Committee determines in its exclusive discretion require adjustment, may be proportionately adjusted for (a) any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination, or reclassification of the shares of Common Stock, or similar event affecting the shares of Common Stock; (b) any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; or (c) as the Committee determines in its exclusive discretion, any other transaction with respect to Common Stock to which Code Section 424(a) applies or any similar transaction; provided, however, that conversion of any convertibles securities of the Company shall not be deemed to have been effected without receipt of consideration. Such adjustment, if any, shall be made by the Committee in its exclusive discretion, and its determination shall be final, binding and conclusive. Except as the Committee determines in its exclusive discretion, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of shares of Common Stock subject to an Award.

13. Corporate Transactions/Changes in Control/Related Entity Dispositions.

13.1 Acceleration of Awards Vesting. Except as otherwise provided in Section 13.2, the following provisions apply as applicable:

13.1.1 Corporate Transaction or Change in Control. On the specified effective date of a Corporate Transaction or Change in Control, each Award

that is at the time outstanding automatically shall become fully vested and exercisable and be released from any restrictions on transfer (other than transfer restrictions applicable to Incentive Stock Options) and repurchase or forfeiture rights, immediately prior to the specified effective date of such Corporate Transaction or Change in Control, for all the Shares at the time represented by such Award (except to the extent that such acceleration of exercisability would result in an "excess parachute payment" within the meaning of Section 280G of the Code). Notwithstanding the foregoing provisions, the Committee may, in its exclusive discretion, provide as part of a Section 424 Corporate Transaction that any one or more of the foregoing provisions shall not apply.

13.1.2 Related Entity Disposition. On the specified effective date of a Related Entity Disposition, for each Participant who on such specified effective date is engaged primarily in service to the Related Entity that is the subject of the Related Entity Disposition, each Award that is at the time outstanding automatically shall become fully vested and exercisable and be released from any restrictions on transfer (other than transfer restrictions applicable to Incentive Stock Options) and repurchase and forfeiture rights, immediately prior to the specified effective date of such Related Entity Disposition, for all the shares at the time represented by such Award. Notwithstanding the foregoing provisions, the Committee may, in its exclusive discretion, provide as part of a Section 424 Corporate Transaction that any one or more of the foregoing provisions shall not apply.

13.1.3 Code Section 424 Matters. The Committee may provide in any Award, Award Agreement, or as part of a Section 424 Corporate Transaction, that if the requirements of Treas. Reg. §1.424-1 (without regard to the requirement described in Treas. Reg. §1.424-1(a)(2) that an eligible corporation be the employer of the optionee) would be met if the stock right were an Incentive Stock Option, the substitution of a new stock right pursuant to a Section 424 Corporate Transaction for an outstanding stock right or the assumption of an outstanding stock right pursuant to a Section 424 Corporate Transaction shall not be treated as the grant of a new stock right or a change in the form of payment. The requirement of Treas. Reg. §1.424-1(a)(5)(iii) is deemed satisfied if the ratio of the exercise price to the Fair Market Value of the shares of Common Stock immediately after the substitution or assumption is not greater than the ratio of the exercise price to the Fair Market Value of the shares of Common Stock immediately before the substitution or assumption. In the case of a transaction described in Code Section 355 in which the stock of the distributing corporation and the stock distributed in the transaction are both readily tradable on an established securities market immediately after the transaction, the requirements of Treas. Reg. §1.424-1(a)(5) may be satisfied by:

- (1) using the last sale before or the first sale after the specified date as of which such valuation is being made, the closing price on the last trading day before or the trading

day of a specified date, the arithmetic mean of the high and low prices on the last trading day before or the trading day of such specified date, or any other reasonable method using actual transactions in such stock as reported by such market on a specified date, for the stock of the distributing corporation and the stock distributed in the transaction, provided the specified date is designated before such specified date, and such specified date is not more than sixty (60) days after the transaction;

- (2) using the arithmetic mean of such market price on trading days during a specified period designated before the beginning of such specified period, when such specified period is not longer than thirty (30) days and ends no later than sixty (60) days after the transaction; or
- (3) using an average of such prices during such prespecified period weighted based on the volume of trading of such stock on each trading day during such prespecified period.

13.2 Six-Month Rule. The provisions of Section 13.1 shall not apply to any Award that has been granted and outstanding for less than six (6) months as of the date of the Corporate Transaction, Change in Control or Related Entity Disposition.

13.3 Payment. On or before the 60th day after a Corporate Transaction, Change in Control or Related Entity Disposition occurs, (a) the holder of an Award of Restricted Stock shall receive a new certificate for such shares without the legend set forth in Section 7.3.2, and (b) the holder of an Award of Performance Units shall receive payment of the value of such Award in cash.

13.4 Termination as a Result of a Potential Change in Control. In determining the applicability of Section 13.1.1 as it relates to a Change in Control, if (a) a Participant's employment is terminated by the Company or any Subsidiary (and the termination constitutes a Separation from Service) prior to a Change in Control without Cause at the request of a Person who has entered into an agreement with the Company the consummation of which will constitute a Change of Control, or (b) the Participant terminates his or her employment with the Company or any Subsidiary for Good Reason prior to a Change in Control (and incurs a Separation from Service) and the circumstance or event which constitutes Good Reason occurs at the request of the Person described in Section 13.5.4, then for purposes of this Section 13, a Change in Control shall be deemed to have occurred immediately prior to such Participant's termination of employment.

13.5 Definitions. For purposes of this Section 13, the following words and phrases shall have the meaning specified:

13.5.1 "Beneficial Owner" shall have the meaning set forth in SEC Regulation §240.13d-3 or any successor regulation.

13.5.2 "Cause" shall mean, unless otherwise defined in an employee Participant's individual employment agreement with the Company or any Subsidiary (in which case such employment agreement definition shall govern), (a) the indictment of the

Participant for any serious crime, (b) the willful and continued failure by the Participant to substantially perform the Participant's duties, as they may be defined from time to time, with the Participant's primary employer or to abide by the written policies of the Company or the Participant's primary employer (other than any such failure resulting from the Participant's incapacity due to physical or mental illness), or (c) the willful engaging by the Participant in conduct which is demonstrably and materially injurious to the Company or any Subsidiary, monetarily or otherwise. For purposes of the preceding sentence, no act shall be considered "willful" unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that such act, or failure to act, was in the best interests of the Company and its Subsidiaries.

13.5.3 "Good Reason" for termination by a Participant of the Participant's employment shall mean, for purposes of this Section 13, a Participant's voluntary Separation from Service when the following conditions are satisfied:

(a) The Separation from Service occurs no later than two (2) years after the initial existence of one or more of the following conditions that arise without the Participant's consent:

- i. a material diminution in the Participant's base compensation;
- ii. a material diminution in the Participant's authority, duties, or responsibilities;
a material diminution in the authority, duties, or responsibilities of the supervisor to whom the Participant reports, including a requirement that the Participant report to an officer or employee instead of reporting directly to the Board or other governing body;
- iii. a material diminution in the budget over which the Participant has authority;
- iv. a material change in the geographical location at which the Participant performs services; or
- v. any other act or failure to act that constitutes a material breach by the Company, a Parent, or a Related Entity of the employment agreement or other agreement under which the Participant provides services; and
- vi.

(b) The Participant gives written notice to the Board or other governing body of the entity to which the Participant primarily provides services of the condition described in subparagraph (1) above within ninety (90) days of its initial existence, and upon receipt of the written notice, the Company, Parent, or Related Entity has thirty (30) days to cure it.

13.5.4 “Person” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 14(d) and 15(d) thereof; provided, however, a Person shall not include (a) the Company or any Subsidiary, (b) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a Subsidiary qualified under Section 401(a) of the Code, (c) an underwriter temporarily holding securities pursuant to an offering of such securities, or (d) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of securities of the Company.

13.5.5 “Potential Change in Control” shall be deemed to have occurred if any one of the following conditions shall have been satisfied:

- (a) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control; or
- (b) the Company or any Person publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control; or
- (c) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing ten percent (10%) or more of the combined voting power of the Company’s then outstanding securities, or any Person increases such Person’s beneficial ownership of such securities by five (5) percentage points or more over the percentage so owned by such Person; or
- (d) the Board adopts a resolution to the effect that, for purposes of the Plan, a Potential Change in Control has occurred.

13.5.6 “Surviving Entity” shall mean only an entity in which all or substantially all of the Company’s shareholders immediately before any merger, Combination share exchange or liquidation become shareholders by the terms of such merger, share exchange or liquidation.

13.6 Adverse Tax Consequences. If the making of any payment or payments pursuant to this Section 14 or otherwise would (a) subject the Participant to an excise tax under Section 4999 of the Code, or any like or successor section thereto, or (b) result in the Company’s loss of a federal income tax deduction for such payments under Section 280G of the Code, or any like or successor section thereto (either or both, an “Adverse Tax Consequence”), then, unless otherwise expressly provided in a relevant Award Agreement, the payments attributable to this Plan that are “parachute payments” within the meaning of such Section 280G of the Code shall be reduced, as determined by the Committee in its sole discretion, but after consultation with the Participant affected, to the extent necessary to avoid any Adverse Tax Consequence. Any disputes regarding whether any payments to a Participant would result in an Adverse Tax Consequence shall be resolved by an opinion of a nationally recognized accounting firm acceptable to the Company and the Participant (with the Company’s independent auditors being deemed acceptable).

14. Amendment, Suspension and Termination.

14.1 In General. The Board may suspend or terminate this Plan (or any portion thereof) at any time and may amend this Plan at any time and from time to time in such respects as the Board may deem advisable to insure that any and all Awards conform to or otherwise reflect any change in applicable laws or regulations, or to permit the Company or the Participants to benefit from any change in applicable laws or regulations, or in any other respect the Board may deem to be in the best interests of the Company or any Subsidiary; provided, however, that no such amendment shall, without majority (or such greater percentage if required by law, charter, by-law or other regulation or rule) shareholder approval to the extent required by law or the rules of any exchange upon which the Common Stock is listed or any market on which the Common Stock is qualified for quotation, (a) except as provided in Section 12, materially increase the number of shares of Common Stock which may be issued under this Plan, (b) materially modify the requirements as to eligibility for participation in this Plan, (c) materially increase the benefits accruing to Participants under this Plan, or (d) extend the termination date of this Plan. No such amendment, suspension or termination shall (i) materially adversely affect the rights of any Participant under any outstanding Award, without the consent of such Participant, or (ii) make any change that would disqualify this Plan, or any other plan of the Company or any Subsidiary intended to be so qualified, from (A) the exemption provided by SEC Regulation §240.16b-3, or any successor thereto, or (B) the benefits provided under Section 422 of the Code or any successor thereto. Further provided, that no amendment, suspension, or termination shall be effected if it will violate Section 409A, to the extent that Section 409A applies to the portion(s) of this Plan being amended, suspended and/or terminated.

14.2 Award Agreements. The Committee may amend or modify at any time and from time to time any outstanding Award and Award Agreement, in any manner to the extent that the Committee would have had the authority under this Plan to initially determine the restrictions, terms and provisions of such Award, including, without limitation, to change the date or dates as of which Stock Options may be exercised. No such amendment or modification shall, however, materially adversely affect the rights of any Participant under any such Award and Award Agreement without the consent of such Participant. Further provided, that no amendment or modification shall be effected if it will violate Section 409A, to the extent that Section 409A applies to the portion(s) of the Award and Award Agreement being amended or modified.

15. Miscellaneous.

15.1 Tax Withholding. The Company shall have the right to deduct from any payment or settlement under this Plan, including, without limitation, the exercise of any Stock Option or Stock Purchase Right, or the delivery or vesting of any shares of Common Stock, Restricted Stock, any federal, state, local or other taxes of any kind which the Committee, in its sole discretion, deems necessary to be withheld to comply with the Code and/or any other applicable law, rule or regulation. If the Committee, in its sole discretion, permits shares of Common Stock to be used to satisfy any such tax withholding, such Common Stock shall be valued based on the Fair Market Value of such stock as of the date the tax withholding is required to be made, such date to be determined by the Committee. The Committee may establish rules limiting the use of Common Stock to meet withholding requirements by Participants who are subject to Section 16 of the Exchange Act.

15.2 No Right to Employment. Neither the adoption of this Plan, the granting of any Award, nor the execution of any Award Agreement shall confer upon any employee of the Company or any Subsidiary any right to continued employment with the Company or any Subsidiary, as the case may be, nor shall it interfere in any way with the right, if any, of the Company or any Subsidiary to terminate the employment of any employee at any time for any reason.

15.3 Unfunded Plan. This Plan shall be unfunded and the Company shall not be required to segregate any assets in connection with any Awards. Any liability of the Company to any person with respect to any Award or any Award Agreement shall be based solely upon the contractual obligations that may be created as a result of this Plan or any such Award or Award Agreement. No such obligation of the Company shall be deemed to be secured by any pledge of, encumbrance on, or other interest in, any property or asset of the Company or any Subsidiary. Nothing contained in this Plan or any Award Agreement shall be construed as creating in respect of any Participant (or beneficiary thereof, any Permitted Assignee or any other person) any equity or other interest of any kind in any assets of the Company or any Subsidiary or creating a trust of any kind or a fiduciary relationship of any kind between the Company, any Subsidiary and/or any such Participant, any beneficiary, any Permitted Assignee or any other person.

15.4 Payments to a Trust. The Committee is authorized to cause to be established a trust agreement or several trust agreements or similar arrangements from which the Committee may make payments of amounts due or to become due to any Participants under this Plan so long as the establishment of the trust agreement(s) is consistent with Section 409A.

15.5 Other Company Benefit and Compensation Programs. Payments and other benefits received by a Participant under an Award shall not be deemed a part of a Participant's compensation for purposes of the determination of benefits under any other employee welfare or benefit plans or arrangements, if any, provided by the Company or any Subsidiary unless expressly provided in such other plans or arrangements, or except where the Board expressly determines in writing that inclusion of an Award or portion of an Award should be included to accurately reflect competitive compensation practices or to recognize that an Award has been made in lieu of a portion of competitive annual base salary or other cash compensation. Awards may be made in addition to, in combination with, or as alternatives to, grants, awards or payments under any other plans or arrangements of the Company or its Subsidiaries. The existence of this Plan notwithstanding, the Company or any Subsidiary may adopt such other compensation plans or programs and additional compensation arrangements as it deems necessary to attract, retain and motivate employees.

15.6 Listing, Registration and Other Legal Compliance. No Award shall be made and no shares of the Common Stock shall be issued under this Plan, and no assignment of a Non-Qualified Stock Option to a Permitted Assignee shall be made, unless legal counsel for the Company shall be satisfied that such issuance or assignment will be in compliance with all applicable federal and state securities laws and regulations and any other applicable laws or regulations. The Committee may require, as a condition of any payment of any Award, share issuance or assignment of Non-Qualified Stock Options, that certain agreements, undertakings, representations, certificates, and/or information, as the Committee may deem necessary or advisable,

be executed or provided to the Company to assure compliance with all such applicable laws or regulations. Certificates for shares of the Restricted Stock and/or Common Stock delivered under this Plan may be subject to such stock transfer orders and such other restrictions as the Committee may deem advisable under the rules, regulations, or other requirements of the SEC, and the Securities Market and any applicable federal or state securities law. The Committee may cause a legend or legends to be put on any such share certificates to make appropriate reference to such restrictions. In addition, if, at any time specified herein (or in any Award Agreement) for (a) the making of any determination, (b) the issuance or other distribution of Restricted Stock and/or Common Stock, or (c) the payment of amounts to or through a Participant with respect to any Award, any law, rule, regulation or other requirement of any governmental authority or agency shall require either the Company, any Subsidiary, any Participant (or any designated beneficiary or other legal representative) or any Permitted Assignee to take any action in connection with any such determination, any such shares to be issued or distributed, any such payment, or the making of any such determination, as the case may be, shall be deferred until such required action is taken. If at any time and from time to time the Committee determines, in its sole discretion, that the listing, registration or qualification of any Award, or any Common Stock or property covered by or subject to such Award, upon the Securities Market or under any foreign, federal, state or local securities or other law, rule or regulation is necessary or desirable as a condition to or in connection with the granting of such Award or the issuance or delivery of Restricted Stock and/or Common Stock or other property under such Award or otherwise, no such Award may be exercised or settled, or paid in Restricted Stock, Common Stock or other property, unless such listing, registration or qualification shall have been effected free of any conditions that are not acceptable to the Committee.

15.7 Award Agreements. Each Participant receiving an Award shall enter into an Award Agreement with the Company in a form specified by the Committee. Each such Participant shall agree to the restrictions, terms and conditions of the Award set forth therein.

15.8 Designation of Beneficiary. Each Participant to whom an Award has been made may designate a beneficiary or beneficiaries to receive any payment which under the terms of this Plan and the relevant Award Agreement may become payable on or after the Participant's death. At any time, and from time to time, any such designation may be changed or canceled by the Participant without the consent of any such beneficiary. Any such designation, change or cancellation must be on a form provided for that purpose by the Committee and shall not be effective until received by the Committee. If no beneficiary has been named by a deceased Participant, or if the designated beneficiaries have predeceased the Participant, the beneficiary shall be the Participant's estate. If the Participant designates more than one beneficiary, any payments under this Plan to such beneficiaries shall be made in equal shares unless the Participant has expressly designated otherwise, in which case the payments shall be made in the shares designated by the Participant.

15.9 Leaves of Absence/Transfers. The Committee shall have the power to promulgate rules, policies and regulations and to make determinations, as it deems appropriate, under this Plan in respect of any leave of absence from the Company or any Subsidiary granted to a Participant. Without limiting the generality of the foregoing, the Committee may determine whether any such leave of absence shall be treated as if the Participant has terminated employment with the

Company or any such Subsidiary. Provided, however, that to the extent Section 409A applies to any portion(s) of the Plan, the determination of whether a leave of absence constitutes a Separation from Service for purposes of those portion(s) shall be made in accordance with Section 409A, and a leave of absence of longer than six months shall be considered a Separation from Service for those portion(s) of the Plan subject to Section 409A unless the Participant has a contractual or statutory right to return to work at the end of a longer leave of absence. If a Participant transfers within the Company, or to or from any Subsidiary, such Participant shall not be deemed to have terminated employment as a result of such transfers.

15.10 Notices. Except as otherwise provided herein, any notice that the Company or a Participant may be required or permitted to give to the other shall be in writing and shall be deemed duly given when delivered personally or deposited in the United States mail, first class postage prepaid, and properly addressed: Notice, if to the Company, shall be sent to its Corporate Secretary at the following address:

NewBridge Bancorp
1501 Highwoods Boulevard
Suite 400
Greensboro, NC 24710

Any notice sent by mail by the Company to a Participant shall be sent to the most current address of the Participant as reflected on the records of the Company as of the time said notice is required. In the case of a deceased Participant, any notice shall be given to the Participant's personal representative if such representative has delivered to the Company evidence satisfactory to the Company of such representative's status as such and has informed the Company of the address of such representative by notice pursuant to this Section 15.9.

15.11 Governing Law. This Plan and all actions taken thereunder shall be governed by and construed in accordance with the laws of the State of North Carolina, without regard to principles of conflict of laws. Any titles and headings herein are for reference purposes only, and shall in no way limit, define or otherwise affect the meaning, construction or interpretation of any provisions of this Plan.

15.12 Effective Date. This Plan became effective as of May 18, 2006, as a result of its approval by the holders of a majority of the Company's outstanding Common Stock at the Company's 2006 Annual Meeting of Shareholders. It was amended by the Board in accordance with Article 14 on March 19, 2008 to comply with Section 409A.

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

Certification:

I, Pressley A. Ridgill, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NewBridge Bancorp;
Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
2. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
3. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
4. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2008

/s/ pressley a. ridgill

Pressley A. Ridgill
President

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

Certification:

I, Michael W. Shelton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NewBridge Bancorp;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2008

/s/ michael w. shelton

Michael W. Shelton
Chief Financial Officer

NewBridge Bancorp

**Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of NewBridge Bancorp (the "Company") certify that the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2008 fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and information contained in that Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 9, 2008

/s/ *pressley a. ridgill*

Pressley A. Ridgill
President

Dated: May 9, 2008

/s/ *Michael W. Shelton*

Michael W. Shelton
Chief Financial Officer

* This certificate is made solely for purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.