

SANDY SPRING BANCORP INC
Form 8-K
July 26, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K
CURRENT REPORT

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

Date of Report (Date of earliest event reported): July 22, 2010

SANDY SPRING BANCORP, INC.
(Exact name of registrant as specified in its charter)

| | | |
|---|--------------------------|--------------------------------------|
| Maryland | 000-19065 | 52-1532952 |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

17801 Georgia Avenue, Olney, Maryland 20832
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (301) 774-6400

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Sandy Spring Bancorp, Inc. (the “Company”) and its wholly owned subsidiary, Sandy Spring Bank (the “Bank”) entered into a Change in Control Agreement with Joseph J. O’Brien, Jr., Executive Vice President, effective July 22, 2010. The Change in Control Agreement replaced an expiring employment agreement with the executive.

Under the Change in Control Agreement, if, during the period beginning six months before a change in control (as defined in the agreement) and ending at the expiration of the agreement, the Bank terminates the executive’s employment without just cause (as defined in the agreement) or the executive terminates his employment with good reason (as defined in the agreement), the Bank shall make a lump-sum payment to the executive of an amount equal to 2.99 times his total annual compensation. In addition, for three calendar years following termination of employment, the executive will continue to participate in any benefit plans of the Bank that provide health, life and disability insurance on terms no less favorable than the most favorable terms provided to executive officers of the Bank during such period.

For purposes of the Change in Control Agreement, total annual compensation is defined to mean one year’s base salary at the highest rate in effect in the period beginning six months before the last change in control to occur before termination of the executive’s employment plus other compensation, including bonus payments, at the rate paid for the calendar year preceding the change in control or the calendar year preceding termination of the executive’s employment, whichever is higher. Benefits that are not subject to current income taxation are not included in the calculation of total annual compensation.

In the event that payments or benefits pursuant to the Change in Control Agreement would result in the imposition of a penalty tax under Section 280G of the Internal Revenue Code, the payment to the executive will be reduced to the maximum amount that may be paid under Section 280G without triggering such penalty tax.

As a condition precedent to making any payment under the Change in Control Agreements, the U.S. Department of the Treasury must not hold an equity or debt position in the Company and the Company must have been released from all statutory or regulatory obligations under the Troubled Asset Relief Program relative to any prohibition on the compensation contemplated in the Change in Control Agreements.

The Change in Control Agreement has a term of two years. On each anniversary date, the agreement will be extended for an additional year without action by any party, unless either the Bank or the executive has given written notice at least 60 days prior to the anniversary date of its or his desire that the term not be extended.

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 hereunto duly authorized.

SANDY SPRING BANCORP, INC.
(Registrant)

Date: July 26, 2010

By: /s/ Ronald E. Kuykendall
Ronald E. Kuykendall
General Counsel and Secretary