

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

TRICO BANCSHARES /
Form 10-Q
November 03, 2005

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 Quarter Ended September 30, 2005

Commission file number 0-10661

TRICO BANCSHARES
(Exact name of registrant as specified in its charter)

California

(State or other jurisdiction
incorporation or organization)

94-2792841

(I.R.S. Employer
Identification No.)

63 Constitution Drive, Chico, California 95973
(Address of principal executive offices) (Zip code)

530-898-0300
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last
report)

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 X No
----- -----

Indicate by check mark whether the registrant is an accelerated filer (as
defined in Rule 12b-2 of the Exchange Act).

Yes X No
----- -----

Indicate by check mark whether the registrant is a shell company (as
defined in Rule 12b-2 of the Exchange Act).

Yes No X
----- -----

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes
of common stock, as of the latest practicable date.

Title of Class: Common stock, no par value

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Outstanding shares as of October 25, 2005: 15,717,035

TABLE OF CONTENTS

	Page
Forward Looking Statements	1
PART I - FINANCIAL INFORMATION	2
Item 1 - Financial Statements	2
Notes to Unaudited Condensed Consolidated Financial Statements	6
Financial Summary	15
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3 - Quantitative and Qualitative Disclosures about Market Risk	27
Item 4 - Controls and Procedures	28
PART II - OTHER INFORMATION	29
Item 1 - Legal Proceedings	29
Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds	29
Item 6 - Exhibits	29
Signatures	31
Exhibits	32

FORWARD-LOOKING STATEMENTS

This report on Form 10-Q contains forward-looking statements about TriCo Bancshares (the "Company") for which it claims the protection of the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on Management's current knowledge and belief and include information concerning the Company's possible or assumed future financial condition and results of operations. When you see any of the words "believes", "expects", "anticipates", "estimates", or similar expressions,

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

mean making forward-looking statements. A number of factors, some of which are beyond the Company's ability to predict or control, could cause future results to differ materially from those contemplated. These factors include but are not limited to:

- a slowdown in the national and California economies;
- the prospect of additional terrorist attacks in the United States and the uncertain effect of these events on the national and regional economies;
- changes in the interest rate environment and interest rate policies of the Federal Reserve Board;
- changes in the regulatory environment;
- significantly increasing competitive pressure in the banking industry;
- operational risks including data processing system failures or fraud;
- volatility of rate sensitive deposits;
- asset/liability matching risks and liquidity risks;
- changes in the level of nonperforming assets and charge-offs;
- acts of war and political instability;
- inflation, interest rate, securities market and monetary fluctuations;
- changes in the financial performance or condition of the Company's borrowers;
- changes in the competitive environment among financial holding companies;
- changes in accounting policies as may be adopted by regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters; and
- changes in the Company's compensation and benefit plans.

The reader is directed to the Company's annual report on Form 10-K for the year ended December 31, 2004, for further discussion of factors which could affect the Company's business and cause actual results to differ materially from those expressed in any forward-looking statement made in this report.

-1-

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

TRICO BANCSHARES
 CONSOLIDATED BALANCE SHEETS
 (In thousands, except share data; unaudited)

	At September 30, 2005	2004	At Dece 200
Assets:			
Cash and due from banks	\$85,413	\$64,318	\$70,

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Federal funds sold	218	-	
Cash and cash equivalents	85,631	64,318	70,
Securities available for sale	271,134	286,067	286,
Federal Home Loan Bank stock, at cost	7,516	6,719	6,
Loans, net of allowance for loan losses of \$15,796, \$15,167 and \$14,525	1,312,294	1,111,256	1,158,
Foreclosed assets, net of allowance for losses of \$180, \$180 and \$180	-	-	
Premises and equipment, net	21,223	20,118	19,
Cash value of life insurance	41,519	40,196	40,
Accrued interest receivable	7,080	6,177	6,
Goodwill	15,519	15,519	15,
Other intangible assets	4,373	5,070	5,
Other assets	20,567	19,106	18,
Total Assets	\$1,786,856	\$1,574,546	\$1,627,
Liabilities and Shareholders' Equity:			
Liabilities:			
Deposits:			
Noninterest-bearing demand	\$346,456	\$298,319	\$311,
Interest-bearing	1,091,843	993,822	1,037,
Total deposits	1,438,299	1,292,141	1,348,
Federal funds purchased	103,200	57,300	46,
Accrued interest payable	3,960	2,706	3,
Reserve for unfunded commitments	1,674	1,049	1,
Other liabilities	20,452	17,265	19,
Other borrowings	31,711	27,159	28,
Junior subordinated debt	41,238	41,238	41,
Total Liabilities	1,640,534	1,438,858	1,489,
Commitments and contingencies			
Shareholders' Equity:			
Common stock, no par value: 50,000,000 shares authorized; issued and outstanding:			
15,728,106 at September 30, 2005	71,412		
15,697,817 at September 30, 2004		70,375	
15,723,317 at December 31, 2004			70,
Retained earnings	77,448	64,158	67,
Accumulated other comprehensive (loss) income, net	(2,538)	1,155	(
Total Shareholders' Equity	146,322	135,688	138,
Total Liabilities and Shareholders' Equity	\$1,786,856	\$1,574,546	\$1,627,

See accompanying notes to unaudited condensed consolidated financial statements.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

(In thousands, except per share data; unaudited)

	Three months ended September 30,		Nine months ended S
	2005	2004	2005
<hr style="border-top: 1px dashed black;"/>			
Interest and dividend income:			
Loans, including fees	\$22,254	\$18,867	\$62,482
Debt securities:			
Taxable	2,528	2,564	7,865
Tax exempt	468	432	1,297
Dividends	80	87	218
Federal funds sold	4	1	18
	<hr style="border-top: 1px dashed black;"/>		
Total interest income	25,334	21,951	71,880
	<hr style="border-top: 1px dashed black;"/>		
Interest expense:			
Deposits	3,824	2,497	10,526
Federal funds purchased	696	221	1,117
Other borrowings	351	327	1,007
Junior subordinated debt	648	449	1,779
	<hr style="border-top: 1px dashed black;"/>		
Total interest expense	5,519	3,494	14,429
	<hr style="border-top: 1px dashed black;"/>		
Net interest income	19,815	18,457	57,451
	<hr style="border-top: 1px dashed black;"/>		
Provision for loan losses	947	1,166	1,608
	<hr style="border-top: 1px dashed black;"/>		
Net interest income after provision for loan losses	18,868	17,291	5,843
	<hr style="border-top: 1px dashed black;"/>		
Noninterest income:			
Service charges and fees	4,795	4,436	13,362
Gain on sale of loans	474	258	1,195
Commissions on sale of non-deposit investment products	535	578	1,727
Increase in cash value of life insurance	420	352	1,040
Other	408	737	945
	<hr style="border-top: 1px dashed black;"/>		
Total noninterest income	6,632	6,361	18,269
	<hr style="border-top: 1px dashed black;"/>		
Noninterest expense:			
Salaries and related benefits	8,584	8,319	25,361
Other	7,096	6,904	20,949
	<hr style="border-top: 1px dashed black;"/>		
Total noninterest expense	15,680	15,223	46,310
	<hr style="border-top: 1px dashed black;"/>		
Income before income taxes	9,820	8,429	27,802
Provision for income taxes	3,859	3,226	10,865
	<hr style="border-top: 1px dashed black;"/>		
Net income	5,961	5,203	16,937
	<hr style="border-top: 1px dashed black;"/>		
Other comprehensive (loss) income:			
Change in unrealized (loss) gain on securities available for sale, net	(1,070)	3,139	(2,186)
	<hr style="border-top: 1px dashed black;"/>		
Comprehensive income	\$4,891	\$8,342	\$14,751
	<hr style="border-top: 1px dashed black;"/>		
Average shares outstanding	15,687,547	15,672,300	15,706,380
Diluted average shares outstanding	16,330,035	16,254,005	16,328,489

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Per share data:			
Basic earnings	\$0.38	\$0.33	\$1.08
Diluted earnings	\$0.37	\$0.32	\$1.04
Dividends paid	\$0.11	\$0.11	\$0.33

See accompanying notes to unaudited condensed consolidated financial statements.

-3-

TRICO BANCSHARES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands, except per share data; unaudited)

	Shares of Common Stock	Common Stock	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Balance at December 31, 2003	15,668,248	\$69,767	\$56,379	\$1,814	\$127,960
Comprehensive income:					
Net income			14,827		14,827
Change in net unrealized gain on Securities available for sale, net				(659)	(659)
Total comprehensive income					14,168
Stock options exercised	197,169	1,133			1,133
Tax benefit of stock options exercised		221			221
Repurchase of common stock	(167,600)	(746)	(2,047)		(2,793)
Dividends paid (\$0.32 per share)			(5,001)		(5,001)
Balance at September 30, 2004	15,697,817	\$70,375	\$64,158	\$1,155	\$135,688
Balance at December 31, 2004	15,723,317	\$70,699	\$67,785	(\$352)	\$138,132
Comprehensive income:					
Net income			16,937		16,937
Change in net unrealized gain on Securities available for sale, net				(2,186)	(2,186)
Total comprehensive income					14,751
Stock options exercised	133,289	949			949
Tax benefit of stock options exercised		342			342
Repurchase of common stock	(128,500)	(578)	(2,085)		(2,663)
Dividends paid (\$0.33 per share)			(5,189)		(5,189)
Balance at September 30, 2005	15,728,106	\$71,412	\$77,448	(\$2,538)	\$146,322

See accompanying notes to unaudited condensed consolidated financial statements.

-4-

TRICO BANCSHARES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands; unaudited)

	For the nine months ended September	
	2005	2004
Operating activities:		
Net income	\$16,937	\$14,827
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment, and amortization	2,818	2,431
Amortization of intangible assets	1,035	1,016
Provision for loan losses	1,608	3,084
Amortization of investment securities premium, net	973	1,448
Originations of loans for resale	(59,861)	(70,670)
Proceeds from sale of loans originated for resale	60,396	71,352
Gain on sale of loans	(1,195)	(1,316)
Amortization of mortgage servicing rights	490	562
Recovery of mortgage servicing rights valuation allowance	-	(600)
Gain on sale of other real estate owned	-	(566)
Loss (gain) on sale of fixed assets	95	(20)
Increase in cash value of life insurance	(1,040)	(1,216)
Change in:		
Interest receivable	(607)	(150)
Interest payable	679	68
Other assets and liabilities, net	234	(2,002)
Net cash provided by operating activities	22,562	18,248
Investing activities:		
Proceeds from maturities of securities available-for-sale	45,147	62,476
Purchases of securities available-for-sale	(35,013)	(39,580)
Purchases of Federal Home Loan Bank stock	(735)	(1,935)
Loan originations and principal collections, net	(155,460)	(145,989)
Proceeds from sale of premises and equipment	24	541
Purchases of premises and equipment	(3,853)	(3,210)
Proceeds from sale of other real estate owned	-	1,490
Net cash used by investing activities	(149,890)	(126,207)
Financing activities:		
Net increase in deposits	89,466	55,318
Net increase in Federal funds purchased	56,800	17,800
Issuance of junior subordinated debt	-	20,619
Payments of principal on long-term other borrowings	(38)	(32)
Net change in short-term other borrowings	3,597	4,304
Repurchase of common stock	(2,663)	(2,793)
Dividends paid	(5,189)	(5,001)
Exercise of stock options	949	1,133

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Net cash provided by financing activities	142,922	91,348
Net change in cash and cash equivalents	15,594	(16,611)
Cash and cash equivalents and beginning of period	70,037	80,929
Cash and cash equivalents at end of period	\$85,631	\$64,318
Supplemental disclosure of noncash activities:		
Unrealized loss on securities available for sale	(\$3,772)	(\$1,061)
Income tax benefit from stock option exercises	\$342	\$221
Supplemental disclosure of cash flow activity:		
Cash paid for interest expense	\$13,750	\$9,527
Cash paid for income taxes	\$11,030	\$11,030

See accompanying notes to unaudited condensed consolidated financial statements

-5-

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: General Summary of Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. The results of operations reflect interim adjustments, all of which are of a normal recurring nature and which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The interim results for the three and nine month periods ended September 30, 2005 and 2004 are not necessarily indicative of the results expected for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes as well as other information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiary, Tri Counties Bank (the "Bank"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Nature of Operations

The Company operates 32 branch offices and 15 in-store branch offices in the California counties of Butte, Contra Costa, Del Norte, Fresno, Glenn, Kern, Lake, Lassen, Madera, Mendocino, Merced, Nevada, Placer, Sacramento, Shasta, Siskiyou, Stanislaus, Sutter, Tehama, Tulare, Yolo and Yuba. The Company's operating policy since its inception has emphasized retail banking. Most of the Company's customers are retail customers and small to medium sized businesses.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, the Company evaluates its estimates, including those related to the adequacy of the allowance for loan

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

losses, investments, intangible assets, income taxes and contingencies. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The allowance for loan losses, goodwill and other intangible assets, income taxes, and the valuation of mortgage servicing rights, are the only accounting estimates that materially affect the Company's consolidated financial statements.

Significant Group Concentration of Credit Risk

The Company grants agribusiness, commercial, consumer, and residential loans to customers located throughout the northern San Joaquin Valley, the Sacramento Valley and northern mountain regions of California. The Company has a diversified loan portfolio within the business segments located in this geographical area.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, amounts due from banks and federal funds sold.

Investment Securities

The Company classifies its debt and marketable equity securities into one of three categories: trading, available-for-sale or held-to-maturity. Trading securities are bought and held principally for the purpose of selling in the near term. Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. All other securities not included in trading or held-to-maturity are classified as available-for-sale. During the nine months ended September 30, 2005, and throughout 2004, the Company did not have any securities classified as either held-to-maturity or trading.

-6-

Available-for-sale securities are recorded at fair value. Unrealized gains and losses, net of the related tax effect, on available-for-sale securities are reported as a separate component of accumulated other comprehensive income (loss) in shareholders' equity until realized.

Premiums and discounts are amortized or accreted over the life of the related investment security as an adjustment to yield using the effective interest method. Dividend and interest income are recognized when earned. Realized gains and losses for securities are included in earnings and are derived using the specific identification method for determining the cost of securities sold. Unrealized losses due to fluctuations in fair value of securities held to maturity or available for sale are recognized through earnings when it is determined that an other than temporary decline in value has occurred.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by aggregate outstanding commitments from investors of current investor yield requirements. Net unrealized losses are recognized through a valuation allowance by charges to income. At September 30, 2005 and 2004, and December 31, 2004, the Company had no loans held for sale.

Mortgage loans held for sale are generally sold with the mortgage servicing rights retained by the Company. The carrying value of mortgage loans sold is

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

reduced by the cost allocated to the associated mortgage servicing rights. Gains or losses on sales of mortgage loans are recognized based on the difference between the selling price and the carrying value of the related mortgage loans sold.

Loans

Loans are reported at the principal amount outstanding, net of unearned income and the allowance for loan losses. Loan origination and commitment fees and certain direct loan origination costs are deferred, and the net amount is amortized as an adjustment of the related loan's yield over the estimated life of the loan. Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. Accrual of interest on loans is generally discontinued either when reasonable doubt exists as to the full, timely collection of interest or principal or when a loan becomes contractually past due by 90 days or more with respect to interest or principal. When loans are 90 days past due, but in Management's judgment are well secured and in the process of collection, they may be classified as accrual. When a loan is placed on nonaccrual status, all interest previously accrued but not collected is reversed. Income on such loans is then recognized only to the extent that cash is received and where the future collection of principal is probable. Interest accruals are resumed on such loans only when they are brought fully current with respect to interest and principal and when, in the judgment of Management, the loans are estimated to be fully collectible as to both principal and interest. All impaired loans are classified as nonaccrual loans.

Reserve for Unfunded Commitments

The reserve for unfunded commitments is established through a provision for losses - unfunded commitments charged to noninterest expense. The reserve for unfunded commitments is an amount that Management believes will be adequate to absorb probable losses inherent in existing commitments, including unused portions of revolving lines of credits and other loans, standby letters of credits, and unused deposit account overdraft privilege. The reserve for unfunded commitments is based on evaluations of the collectibility, and prior loss experience of unfunded commitments. The evaluations take into consideration such factors as changes in the nature and size of the loan portfolio, overall loan portfolio quality, loan concentrations, specific problem loans and related unfunded commitments, and current economic conditions that may affect the borrower's or depositor's ability to pay.

-7-

Allowance for Loan Losses

The allowance for loan losses is established through a provision for loan losses charged to expense. Loans and deposit related overdrafts are charged against the allowance for loan losses when Management believes that the collectibility of the principal is unlikely or, with respect to consumer installment loans, according to an established delinquency schedule. The allowance is an amount that Management believes will be adequate to absorb probable losses inherent in existing loans and leases, based on evaluations of the collectibility, impairment and prior loss experience of loans and leases. The evaluations take into consideration such factors as changes in the nature and size of the portfolio, overall portfolio quality, loan concentrations, specific problem loans, and current economic conditions that may affect the borrower's ability to pay. The Company defines a loan as impaired when it is probable the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's original effective interest rate. As a practical expedient, impairment may be measured based on the loan's observable market price or the fair value of the collateral if the loan is

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

collateral dependent. When the measure of the impaired loan is less than the recorded investment in the loan, the impairment is recorded through a valuation allowance.

Credit risk is inherent in the business of lending. As a result, the Company maintains an allowance for loan losses to absorb losses inherent in the Company's loan portfolio. This is maintained through periodic charges to earnings. These charges are shown in the Consolidated Income Statements as provision for loan losses. All specifically identifiable and quantifiable losses are immediately charged off against the allowance. However, for a variety of reasons, not all losses are immediately known to the Company and, of those that are known, the full extent of the loss may not be quantifiable at that point in time. The balance of the Company's allowance for loan losses is meant to be an estimate of these unknown but probable losses inherent in the portfolio. For purposes of this discussion, "loans" shall include all loans and lease contracts that are part of the Company's portfolio.

The Company formally assesses the adequacy of the allowance on a quarterly basis. Determination of the adequacy is based on ongoing assessments of the probable risk in the outstanding loan portfolio, and to a lesser extent the Company's loan commitments. These assessments include the periodic re-grading of credits based on changes in their individual credit characteristics including delinquency, seasoning, recent financial performance of the borrower, economic factors, changes in the interest rate environment, growth of the portfolio as a whole or by segment, and other factors as warranted. Loans are initially graded when originated. They are re-graded as they are renewed, when there is a new loan to the same borrower, when identified facts demonstrate heightened risk of nonpayment, or if they become delinquent. Re-grading of larger problem loans occur at least quarterly. Confirmation of the quality of the grading process is obtained by independent credit reviews conducted by consultants specifically hired for this purpose and by various bank regulatory agencies.

The Company's method for assessing the appropriateness of the allowance for loan losses and the reserve for unfunded commitments includes specific allowances for identified problem loans and leases as determined by SFAS 114, formula allowance factors for pools of credits, and allowances for changing environmental factors (e.g., interest rates, growth, economic conditions, etc.). Allowance factors for loan pools are based on the previous 5 years historical loss experience by product type. Allowances for specific loans are based on SFAS 114 analysis of individual credits. Allowances for changing environmental factors are Management's best estimate of the probable impact these changes have had on the loan portfolio as a whole. This process is explained in detail in the notes to the Company's Consolidated Financial Statements in its Annual Report on Form 10-K for the year ended December 31, 2004.

Based on the current conditions of the loan portfolio, Management believes that the allowance for loan losses and the reserve for unfunded commitments, which collectively stand at \$17,470,000 at September 30, 2005, are adequate to absorb probable losses inherent in the Company's loan portfolio. No assurance can be given, however, that adverse economic conditions or other circumstances will not result in increased losses in the portfolio.

-8-

The following tables summarize the activity in the allowance for loan losses, reserve for unfunded commitments, and allowance for losses (which is comprised of the allowance for loan losses and the reserve for unfunded commitments) for the periods indicated (dollars in thousands):

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Allowance for loan losses:				
Balance at beginning of period	\$14,892	\$14,613	\$14,525	\$12,890
Provision for loan losses	947	1,166	1,608	3,084
Loans charged off	(479)	(687)	(1,287)	(1,053)
Recoveries of previously charged-off loans	436	75	950	246
Net charge-offs	(43)	(612)	(337)	(807)
Balance at end of period	\$15,796	\$15,167	\$15,796	\$15,167
Reserve for unfunded commitments:				
Balance at beginning of period	\$1,671	\$916	\$1,532	\$883
Provision for losses - Unfunded commitments	3	133	142	166
Balance at end of period	\$1,674	\$1,049	\$1,674	\$1,049
Balance at end of period:				
Allowance for loan losses			\$15,796	\$15,167
Reserve for unfunded commitments			1,674	1,049
Allowance for losses			\$17,470	\$16,216
As a percentage of total loans:				
Allowance for loan losses			1.19%	1.35%
Reserve for unfunded commitments			0.13%	0.09%
Allowance for losses			1.32%	1.44%

Servicing

Servicing assets are recognized as separate assets when rights are acquired through purchase or through sale of financial assets. Generally, purchased servicing rights are capitalized at the cost to acquire the rights. For sales of mortgage loans, a portion of the cost of originating the loan is allocated to the servicing right based on relative fair value. Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. Capitalized servicing rights are reported in other assets and are amortized into non-interest income in proportion to, and over the period of, the estimated future servicing income of the underlying financial assets.

Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is determined by stratifying rights into tranches based on predominant risk characteristics, such as interest

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual tranche, to the extent that fair value is less than the capitalized amount for the tranche. If the Company later determines that all or a portion of the impairment no longer exists for a particular tranche, a reduction of the allowance may be recorded as an increase to income.

Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal; or a fixed amount per loan and are recorded as income when earned. The amortization of mortgage servicing rights is netted against loan servicing fee income.

-9-

The following table summarizes the Company's mortgage servicing rights recorded in other assets as of September 30, 2005 and December 31, 2004.

(Dollars in thousands)	December 31, 2004	Additions	Reductions	September 30, 2005
Mortgage Servicing Rights	\$3,476	\$659	(\$490)	\$3,645
Valuation allowance	-	-	-	-
Mortgage servicing rights, net of valuation allowance	\$3,476	\$659	(\$490)	\$3,645

At September 30, 2005 and December 31, 2004, the Company serviced real estate mortgage loans for others of \$369 million and \$368 million, respectively. At September 30, 2005 and December 31, 2004, the fair value of the Company's mortgage servicing rights assets was \$3,812,000 and \$3,568,000, respectively.

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Company has entered into commitments to extend credit, including commitments under credit card arrangements, commercial letters of credit, standby letters of credit, and deposit account overdraft privilege. Such financial instruments are recorded when they are funded.

Premises and Equipment

Land is carried at cost. Buildings and equipment, including those acquired under capital lease, are stated at cost less accumulated depreciation and amortization. Depreciation and amortization expenses are computed using the straight-line method over the estimated useful lives of the related assets or lease terms. Asset lives range from 3-10 years for furniture and equipment and 15-40 years for land improvements and buildings.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, management periodically performs valuations and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in other noninterest expense.

Goodwill and Other Intangible Assets

Goodwill represents the excess of costs over fair value of assets of businesses acquired. The Company adopted the provisions of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standard No. 142, Goodwill and Other Intangible Assets (SFAS 142), as of January 1, 2002. Pursuant to SFAS 142, goodwill and other intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

tested for impairment at least annually in accordance with the provisions of SFAS 142. SFAS 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with FASB Statement of Financial Accounting Standard No. 144, Accounting for Impairment or Disposal of Long-Lived Assets (SFAS 144).

As of the date of adoption, the Company had identifiable intangible assets consisting of core deposit premiums and minimum pension liability. Core deposit premiums are amortized using an accelerated method over a period of ten years. Intangible assets related to minimum pension liability are adjusted annually based upon actuarial estimates.

The following table summarizes the Company's core deposit intangibles as of September 30, 2005 and December 31, 2004.

(Dollar in Thousands)	December 31, 2004	Additions	Reductions	September 30, 2005
Core deposit intangibles	\$13,643	-	-	\$13,643
Accumulated amortization	(9,201)	-	(\$1,035)	(10,236)
Core deposit intangibles, net	\$4,442	-	(\$1,035)	\$3,407

Core deposit intangibles are amortized over their expected useful lives. Such lives are periodically reassessed to determine if any amortization period adjustments are indicated.

-10-

The following table summarizes the Company's estimated core deposit intangible amortization for each of the five succeeding years from December 31, 2004:

Years Ended	Estimated Core Deposit Intangible Amortization (Dollar in thousands)
2005	\$1,381
2006	1,395
2007	490
2008	523
2009	328
Thereafter	325

	\$4,442
	=====

The following table summarizes the Company's minimum pension liability intangible as of September 30, 2005 and December 31, 2004.

(Dollar in Thousands)	December 31, 2004	Additions	Reductions	September 30, 2005
Minimum pension liability intangible	\$966	-	-	\$966

Intangible assets related to minimum pension liability are adjusted annually

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

based upon actuarial estimates.

The following table summarizes the Company's goodwill intangible as of September 30, 2005 and December 31, 2004.

(Dollar in Thousands)	December 31, 2004	Additions	Reductions	September 30, 2005
Goodwill	15,519	-	-	15,519

Impairment of Long-Lived Assets and Goodwill

Long-lived assets, such as property, plant, and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

On December 31 of each year, goodwill is tested for impairment, and is tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. This determination is made at the reporting unit level and consists of two steps. First, the Company determines the fair value of a reporting unit and compares it to its carrying amount. Second, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill.

Income Taxes

The Company's accounting for income taxes is based on an asset and liability approach. The Company recognizes the amount of taxes payable or refundable for the current year, and deferred tax assets and liabilities for the future tax consequences that have been recognized in its financial statements or tax returns. The measurement of tax assets and liabilities is based on the provisions of enacted tax laws.

-11-

Stock-Based Compensation

The Company uses the intrinsic value method to account for its stock option plans (in accordance with the provisions of Accounting Principles Board Opinion No. 25). Under this method, compensation expense is recognized for awards of options to purchase shares of common stock to employees under compensatory plans only if the fair market value of the stock at the option grant date (or other measurement date, if later) is greater than the amount the employee must pay to acquire the stock. Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS 123) permits companies to continue

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

using the intrinsic value method or to adopt a fair value based method to account for stock option plans. The fair value based method results in recognizing as expense over the vesting period the fair value of all stock-based awards on the date of grant. The Company has elected to continue to use the intrinsic value method (see Recent Accounting Pronouncements).

Had compensation cost for the Company's option plans been determined in accordance with SFAS 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

(in thousands, except per share amounts)		Three Months Ended September 30,		Nine Months Ended Sep	
		2005	2004	2005	
		----	----	----	
Net income	As reported	\$5,961	\$5,203	\$16,937	\$
	Pro forma	\$5,865	\$5,101	\$16,642	\$
Basic earnings per share	As reported	\$0.38	\$0.33	\$1.08	
	Pro forma	\$0.37	\$0.33	\$1.06	
Diluted earnings per share	As reported	\$0.37	\$0.32	\$1.04	
	Pro forma	\$0.36	\$0.31	\$1.02	
Stock-based employee compensation					
cost, net of related tax effects,					
included in net income		As reported	\$0	\$0	\$0
		Pro forma	\$96	\$102	\$295

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing.

Earnings Per Share

Basic earnings per share represents income available to common shareholders divided by the weighted-average number of common shares outstanding during the period. Diluted earnings per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustments to income that would result from assumed issuance. Potential common shares that may be issued by the Company relate solely from outstanding stock options, and are determined using the treasury stock method.

Earnings per share have been computed based on the following:

(in thousands)	Three Months		Nine Months	
	Ended September 30, 2005	2004	Ended September 2005	2004

Net income	\$5,961	\$5,203	\$16,937	\$14,937
Average number of common shares outstanding	15,688	15,672	15,706	15,672
Effect of dilutive stock options	642	582	622	

Average number of common shares outstanding used to calculate diluted earnings per share	16,330	16,254	16,328	16,254
=====				

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

The components of other comprehensive income (loss) and related tax effects are as follows:

	Three months ended September 30,		Nine Months
	2005	2004	2005
(in thousands)			
Unrealized holding gains (losses) on available-for-sale securities	(\$1,846)	\$5,416	(\$3,772)
Tax effect	776	(2,277)	1,586
Unrealized holding gains (losses) on available-for-sale securities, net of tax	(\$1,070)	3,139	(\$2,186)

The components of accumulated other comprehensive loss, included in shareholders' equity, are as follows:

	September 30, 2005	December 31, 2004
(in thousands)		
Net unrealized (losses) gains on available-for-sale securities	(\$2,765)	\$1,007
Tax effect	1,162	(424)
Unrealized holding (losses) gains on available-for-sale securities, net of tax	(1,603)	583
Minimum pension liability	(1,559)	(1,559)
Tax effect	624	624
Minimum pension liability, net of tax	(935)	(935)
Accumulated other comprehensive loss	(\$2,538)	(\$352)

Retirement Plans

The Company has supplemental retirement plans covering directors and key executives. These plans are non-qualified defined benefit plans and are unsecured and unfunded. The Company has purchased insurance on the lives of the participants and intends to use the cash values of these policies to pay the

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

retirement obligations.

The following table sets forth the net periodic benefit cost recognized for the plans:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September	
	2005	2004	2005	2004
	----	----	----	----
Net pension cost included the following components:				
Service cost-benefits earned during the period	\$104	\$76	\$313	\$227
Interest cost on projected benefit obligation	134	123	402	371
Amortization of net obligation at transition	56	3	168	8
Amortization of prior service cost	24	27	72	81
Recognized net actuarial loss	0	27	2	82

Net periodic pension cost	\$318	\$256	\$957	\$769
	=====			

During the nine months ended September 30, 2005 and 2004, the Company contributed and paid out as benefits \$393,000 and \$378,000, respectively, to participants under the plans. For the year ending December 31, 2005, the Company expects to contribute and pay out as benefits \$517,000 to participants under the plans.

-13-

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued FASB Statement of Financial Accounting Standard No. 123 (revised 2004), Share-Based Payment (SFAS 123R), which replaces SFAS No. 123, Accounting for Stock-Based Compensation, (SFAS 123) and supercedes APB Opinion No. 25, Accounting for Stock Issued to Employees. SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values beginning with the first interim reporting period of the Company's fiscal year beginning after June 15, 2005, with early adoption encouraged. The pro forma disclosures previously permitted under SFAS 123 no longer will be an alternative to financial statement recognition. The Company is required to adopt SFAS 123R on January 1, 2006. Under SFAS 123R, the Company must determine the appropriate fair value model to be used for valuing share-based payments, the amortization method for compensation cost and the transition method to be used at date of adoption. The transition methods include prospective and retroactive adoption options. Under the retroactive option, prior periods may be restated either as of the beginning of the year of adoption or for all periods presented. The prospective method requires that compensation expense be recorded for all unvested stock options at the beginning of the first quarter of adoption of SFAS 123R, while the retroactive methods would record compensation expense for all unvested stock options and restricted stock beginning with the first period restated. The Company is evaluating the requirements of SFAS 123R and expects that the adoption of SFAS 123R will not have a material impact on the Company's consolidated results of operations and

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

earnings per share. The Company has not yet determined the method of adoption or the effect of adopting SFAS 123R, and it has not determined whether the adoption will result in amounts that are similar to the current pro forma disclosures under SFAS 123.

In May 2005, the FASB issued FASB Statement of Financial Accounting Standard No. 154, Accounting Changes and Error Corrections, (SFAS 154) a Replacement of APB Opinion No. 20 and FASB Statement No. 3. SFAS 154 establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the absence of explicit transition requirements specific to a newly adopted accounting principle. Previously, most changes in accounting principle were recognized by including the cumulative effect of changing to the new accounting principle in net income of the period of the change. Under SFAS 154, retrospective application requires (i) the cumulative effect of the change to the new accounting principle on periods prior to those presented to be reflected in the carrying amounts of assets and liabilities as of the beginning of the first period presented, (ii) an offsetting adjustment, if any, to be made to the opening balance of retained earnings (or other appropriate components of equity) for that period, and (iii) financial statements for each individual prior period presented to be adjusted to reflect the direct period-specific effects of applying the new accounting principle. Special retroactive application rules apply in situations where it is impracticable to determine either the period-specific effects or the cumulative effect of the change. Indirect effects of a change in accounting principle are required to be reported in the period in which the accounting change is made. SFAS 154 carries forward the guidance in APB Opinion 20 "Accounting Changes," requiring justification of a change in accounting principle on the basis of preferability. SFAS 154 also carries forward without change the guidance contained in APB Opinion 20, for reporting the correction of an error in previously issued financial statements and for a change in accounting estimate. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect SFAS 154 will significantly impact its financial statements upon its adoption on January 1, 2006.

Reclassifications

Certain amounts previously reported in the 2004 financial statements have been reclassified to conform to the 2005 presentation. Additionally, in the first quarter of 2005, the Company reclassified the reserve for unfunded commitments from the allowance for loan losses to other liabilities, and reclassified the provision for unfunded commitments from the provision for loan losses to other noninterest expense. These reclassifications did not affect previously reported net income or total shareholders' equity.

-14-

TRICO BANCSHARES
Financial Summary
(dollars in thousands, except per share amounts; unaudited)

	Three months ended September 30,	Nine months September
2005	2004	2005

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Net Interest Income (FTE)	\$20,086	\$18,712	\$58,203
Provision for loan losses	947	1,166	1,608
Noninterest income	6,632	6,361	18,269
Noninterest expense	15,680	15,223	46,310
Provision for income taxes (FTE)	4,130	3,481	11,617
Net income	\$5,961	\$5,203	\$16,937
Earnings per share:			
Basic	\$0.38	\$0.33	\$1.08
Diluted	\$0.37	\$0.32	\$1.04
Per share:			
Dividends paid	\$0.11	\$0.11	\$0.33
Book value at period end	\$9.30	\$8.64	
Tangible book value at period end	\$8.04	\$7.33	
Average common shares outstanding	15,688	15,672	15,706
Average diluted shares outstanding	16,330	16,254	16,328
Shares outstanding at period end	15,728	15,698	
At period end:			
Loans, net	\$1,312,294	\$1,111,256	
Total assets	1,786,856	1,574,546	
Total deposits	1,438,299	1,292,141	
Other borrowings	31,711	27,159	
Junior subordinated debt	41,238	41,238	
Shareholders' equity	\$146,322	\$135,688	
Financial Ratios:			
During the period (annualized):			
Return on assets	1.37%	1.34%	1.34%
Return on equity	16.26%	15.57%	15.71%
Net interest margin ¹	5.10%	5.35%	5.12%
Net loan charge-offs to average loans	0.01%	0.22%	0.04%
Efficiency ratio ¹	58.69%	60.71%	60.56%
At Period End:			
Equity to assets	8.19%	8.62%	
Total capital to risk assets	11.19%	12.36%	
Allowance for losses to loans ²	1.32%	1.44%	

1 Fully taxable equivalent (FTE)

2 Allowance for losses includes allowance for loan losses and reserve for unfunded commitments.

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

As TriCo Bancshares (the "Company") has not commenced any business operations independent of Tri Counties Bank (the "Bank"), the following discussion pertains primarily to the Bank. Average balances, including such balances used in calculating certain financial ratios, are generally comprised of average daily balances for the Company. Within Management's Discussion and Analysis of Financial Condition and Results of Operations, interest income and net interest income are generally presented on a fully tax-equivalent (FTE) basis.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Critical Accounting Policies and Estimates

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to the adequacy of the allowance for loan losses, intangible assets, and contingencies. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. (See caption "Allowance for Loan Losses" for a more detailed discussion).

Results of Operations

The following discussion and analysis is designed to provide a better understanding of the significant changes and trends related to the Company and the Bank's financial condition, operating results, asset and liability management, liquidity and capital resources and should be read in conjunction with the Consolidated Financial Statements of the Company and the Notes thereto.

Following is a summary of the components of fully taxable equivalent ("FTE") net income for the periods indicated (dollars in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Net Interest Income (FTE)	\$20,086	\$18,712	\$58,203	\$53,670
Provision for loan losses	947	1,166	1,608	3,084
Noninterest income	6,632	6,361	18,269	19,058
Noninterest expense	15,680	15,223	46,310	45,013
Provision for income taxes (FTE)	4,130	3,481	11,617	9,804
Net income	\$5,961	\$5,203	\$16,937	\$14,827

The Company had quarterly earnings of \$5,961,000, or \$0.37 per diluted share, for the three months ended September 30, 2005. These results represent a 15.6% increase from the \$0.32 earnings per diluted share reported for the three months ended September 30, 2004 on earnings of \$5,203,000. The improvement in results from the year-ago quarter was due to a \$1,374,000 (7.3%) increase in fully tax-equivalent net interest income to \$20,086,000, a \$219,000 (18.8%) decrease in provision for loan losses to \$947,000, and a \$271,000 (4.3%) increase in noninterest income to \$6,632,000. These contributing factors were partially offset by a \$457,000 (3.0%) increase in noninterest expense to \$15,680,000 for the quarter ended September 30, 2005.

The Company reported earnings of \$16,937,000, or \$1.04 per diluted share, for the nine months ended September 30, 2005. These results represent a 14.3% increase from the \$0.91 earnings per diluted share reported for the nine months ended September 30, 2004 on earnings of \$14,827,000. The improvement in results from the year-ago period was due to a \$4,533,000 (8.5%) increase in fully tax-equivalent net interest income to \$58,203,000, and a \$1,476,000 (47.9%) decrease in provision for loan losses to \$1,608,000. These contributing factors were partially offset by a \$789,000 (4.1%) decrease in noninterest income to \$18,269,000 and a \$1,297,000 (2.9%) increase in noninterest expense to

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

\$46,310,000 for the nine months ended September 30, 2005.

-16-

Net Interest Income

Following is a summary of the components of net interest income for the periods indicated (dollars in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Interest income	\$25,334	\$21,951	\$71,880	\$62,491
Interest expense	(5,519)	(3,494)	(14,429)	(9,595)
FTE adjustment	271	255	752	774
Net interest income (FTE)	\$20,086	\$18,712	\$58,203	\$53,670
Average interest-earning assets	\$1,574,392	\$1,399,342	\$1,517,013	\$1,344,353
Net interest margin (FTE)	5.10%	5.35%	5.12%	5.32%

The Company's primary source of revenue is net interest income, or the difference between interest income on interest-earning assets and interest expense in interest-bearing liabilities. Net interest income (FTE) during the third quarter of 2005 increased \$1,374,000 (7.3%) from the same period in 2004 to \$20,086,000. The increase in net interest income (FTE) was due to a \$175,050,000 (12.5%) increase in average balances of interest-earning assets to \$1,574,392,000 offset by a 0.25% decrease in net interest margin (FTE) to 5.10%.

Net interest income (FTE) during the first nine months of 2005 increased \$4,533,000 (8.5%) from the same period in 2004 to \$58,203,000. The increase in net interest income (FTE) was due to a \$172,660,000 (12.8%) increase in average balances of interest-earning assets to \$1,517,013,000 offset by a 0.20% decrease in net interest margin (FTE) to 5.12%.

Interest and Fee Income

Interest and fee income (FTE) for the third quarter of 2005 increased \$3,399,000 (15.3%) from the third quarter of 2004. The increase was the net effect of a \$175,050,000 (12.5%) increase in average balances of interest-earning assets to \$1,574,392,000 and a 0.16% increase in the yield on those average interest-earning assets to 6.51%. The growth in interest-earning assets was comprised of a \$186,535,000 (17.0%) increase in average loan balances to \$1,284,977,000 that was partially offset by a decrease of \$11,572,000 (3.9%) in average balances of investments to \$288,963,000. The increase in the yield on average interest-earning assets was mainly due to the change in the mix of interest-earning assets as the average balance of loans increased while the average balance of lower earning investments decreased compared to the year-ago quarter. Also helping to increase the yield on average earning assets was a 0.06% increase in the yield on loans to 6.93% and a 0.19% increase in the yield on investments to 4.63% from the year-ago quarter. The relative flatness in yield in loans from the year-ago quarter, despite a 2.75% increase in the prime

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

rate from June 30, 2004 to September 30, 2005, is due to long-term rates having generally held steady or fallen over this period, and new prime based loans such as home equity lines of credit being offered at spreads to the prime rate that are lower than they were in the year-ago period. The increase in yields on investments was mainly due to maturities of shorter-term, lower yielding investments.

Interest and fee income (FTE) for the nine months ended September 30, 2005 increased \$9,367,000 (14.8%) from the same period of 2004. The increase was the net effect of a \$172,660,000 (12.8%) increase in average interest-earning assets to \$1,517,013,000 and a 0.11% increase in the yield on those average interest-earning assets to 6.38%. The growth in interest-earning assets was due to a \$187,467,000 (18.1%) increase in average loan balances to \$1,220,714,000 that was partially offset by a decrease of \$13,925,000 (4.5%) in average balances of investments to \$295,457,000. The increase in the yield on average interest-earning assets was mainly due to the change in the mix of interest-earning assets as the average balance of loans increased while the average balance of lower earning investments decreased compared to the year-ago quarter. Compared to the year-ago nine-month period, the yield on loans decreased 0.04% to 6.82% and the yield on investments increased 0.22% to 4.57%. The decrease in yield in loans from the year-ago period, despite a 2.75% increase in the prime rate from June 30, 2004 to September 30, 2005, is due to long-term rates having generally held steady or fallen over this period, and new prime based loans such as home equity lines of credit being offered at spreads to the prime rate that are lower than they were in the year-ago period. The increase in yields on investments was mainly due to maturities of shorter-term, lower yielding investments.

-17-

Interest Expense

Interest expense increased \$2,025,000 (58.0%) to \$5,519,000 in the third quarter of 2005 compared to the year-ago quarter. The average balance of interest-bearing liabilities increased \$117,740,000 (10.6%) to \$1,233,412,000 in the third quarter compared to the year-ago quarter. The increase in the average balance of interest-bearing liabilities was concentrated in time deposits (up \$93,009,000 or 32.4%), interest-bearing demand deposits (up \$12,907,000 or 5.6%), other borrowings (up \$5,029,000 or 19.3%), Federal funds purchased (up \$19,062,000 or 33.3%), and junior subordinated debt (up \$2,574,000 or 6.7%). The average balance of savings deposits was down \$14,841,000 (3.1%) from the year-ago quarter. In addition, the average balance of noninterest-bearing deposits increased \$54,381,000 (19.3%) from the year-ago quarter. The average rate paid on interest-bearing liabilities in the quarter ended September 30, 2005 increased 0.54% to 1.79% compared to the year-ago quarter. The average rate paid for all categories of interest-bearing liabilities except other borrowings increased from the average rate paid in the year-ago quarter as a result of general market interest rate changes.

Interest expense increased \$4,834,000 (50.4%) to \$14,429,000 for the nine months ended September 30, 2005 compared to \$9,595,000 in the year-ago period. The average balance of interest-bearing liabilities increased \$117,128,000 (10.9%) to \$1,190,081,000 for the nine months ended September 30, 2005 compared to the year-ago period. The increase in interest-bearing liabilities was concentrated in time deposits (up \$84,457,000 or 30.6%), interest-bearing demand deposits (up \$13,735,000 or 6.0%), other borrowings (up \$5,031,000 or 21.0%), Federal funds purchased (up \$3,797,000 or 9.0%), and junior subordinated debt (up \$13,905,000 or 50.9%). The average balance of savings deposits was down \$3,797,000 (0.8%) from the year-ago period. In addition, the average balance of noninterest-bearing deposits increased \$49,573,000 (18.1%) from the year-ago

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

period. The average rate paid on interest-bearing liabilities in the nine month period ended September 30, 2005 increased 0.43% to 1.62% compared to the year-ago period as a result of general market interest rate changes.

Net Interest Margin (FTE)

The following table summarizes the components of the Company's net interest margin for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Yield on interest-earning assets	6.51%	6.35%	6.38%	6.27%
Rate paid on interest-bearing Liabilities	1.79%	1.25%	1.62%	1.19%
Net interest spread	4.72%	5.10%	4.76%	5.08%
Impact of all other net noninterest-bearing funds	0.38%	0.25%	0.36%	0.24%
Net interest margin	5.10%	5.35%	5.12%	5.32%

Net interest margin in the third quarter of 2005 decreased 0.25% compared to the third quarter of 2004. This decrease in net interest margin was mainly due to 0.06% increase in average yield on loans, a 0.19% increase in average yield on investments, and a 0.54% increase in the average rate paid on interest-bearing liabilities. As a result, the average yield on total interest-earning assets increased only 0.16%, while the average rate paid on interest-bearing liabilities increased 0.54%.

Net interest margin for the nine months ended September 30, 2005 decreased 0.20% compared to the nine months ended September 30, 2004. This decrease in net interest margin was mainly due to a 0.04% decrease in average yield on loans, a 0.22% increase in average yield on investments, and a 0.43% increase in the average rate paid on interest-bearing liabilities. As a result, the average yield on total interest-earning assets increased only 0.11%, while the average rate paid on interest-bearing liabilities increased 0.43%.

-18

Summary of Average Balances, Yields/Rates and Interest Differential

The following tables present, for the periods indicated, information regarding the Company's consolidated average assets, liabilities and shareholders' equity, the amounts of interest income from average interest-earning assets and resulting yields, and the amount of interest expense paid on interest-bearing liabilities. Average loan balances include nonperforming loans. Interest income includes proceeds from loans on nonaccrual loans only to the extent cash payments have been received and applied to interest income. Yields on securities and certain loans have been adjusted upward to reflect the effect of income thereon exempt from federal income taxation at the current statutory tax rate (dollars in thousands).

For the three months ended

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

	September 30, 2005			September 30, 2004		
	Average Balance	Interest Income/Expense	Rates Earned/Paid	Average Balance	Interest Income/Expense	Rates Earned/Paid
Assets:						
Loans	\$1,284,977	\$22,254	6.93%	\$1,098,442	\$18,867	6.93%
Investment securities - taxable	252,547	2,608	4.13%	266,714	2,651	3.98%
Investment securities - nontaxable	36,416	739	8.12%	33,821	687	8.12%
Federal funds sold	452	4	3.54%	365	1	1.00%
Total interest-earning assets	1,574,392	25,605	6.51%	1,399,342	22,206	6.51%
Other assets	169,623	-----	-----	153,401	-----	-----
Total assets	\$1,744,015	=====	=====	\$1,552,743	=====	=====
Liabilities and shareholders' equity:						
Interest-bearing demand deposits	\$244,821	124	0.20%	\$231,914	107	0.20%
Savings deposits	460,204	861	0.75%	475,045	805	0.75%
Time deposits	379,686	2,839	2.99%	286,677	1,585	2.99%
Federal funds purchased	76,372	696	3.65%	57,310	221	3.65%
Other borrowings	31,091	351	4.52%	26,062	327	4.52%
Junior subordinated debt	41,238	648	6.29%	38,664	449	4.52%
Total interest-bearing liabilities	1,233,412	5,519	1.79%	1,115,672	3,494	1.79%
Noninterest-bearing deposits	336,344	-----	-----	281,963	-----	-----
Other liabilities	27,599	-----	-----	21,480	-----	-----
Shareholders' equity	146,660	-----	-----	133,628	-----	-----
Total liabilities and shareholders' equity	\$1,744,015	=====	=====	\$1,552,743	=====	=====
Net interest spread(1)			4.72%			5.00%
Net interest income and interest margin(2)		\$20,086	5.10%		\$18,712	5.10%
		=====	=====		=====	=====

(1) Net interest spread represents the average yield earned on interest-earning assets minus the average rate paid on interest-bearing liabilities.

(2) Net interest margin is computed by calculating the difference between interest income and expense, divided by the average balance of interest-earning assets.

-19-

For the nine months ended						
	September 30, 2005			September 30, 2004		
	Average Balance	Interest Income/Expense	Rates Earned/Paid	Average Balance	Interest Income/Expense	Rates Earned/Paid

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

	Average Balance	Income/ Expense	Earned Paid	Average Balance	Income/ Expense	Earn Pa
Assets:						
Loans	\$1,220,714	\$62,482	6.82%	\$1,033,247	\$53,157	6.
Investment securities - taxable	261,542	8,083	4.12%	274,666	8,010	3.
Investment securities - nontaxable	33,915	2,049	8.06%	34,716	2,086	8.
Federal funds sold	842	18	2.85%	1,724	12	0.
Total interest-earning assets	1,517,013	72,632	6.38%	1,344,353	63,265	6.
Other assets	167,481	-----		155,591	-----	
Total assets	\$1,684,494			\$1,499,944		
Liabilities and shareholders' equity:						
Interest-bearing demand deposits	\$241,856	366	0.20%	\$228,121	312	0.
Savings deposits	471,396	2,600	0.74%	475,193	2,569	0.
Time deposits	360,612	7,560	2.80%	276,155	4,452	2.
Federal funds purchased	45,999	1,117	3.24%	42,202	405	1.
Other borrowings	28,980	1,007	4.63%	23,949	967	5.
Junior subordinated debt	41,238	1,779	5.75%	27,333	890	4.
Total interest-bearing liabilities	1,190,081	14,429	1.62%	1,072,953	9,595	1.
Noninterest-bearing deposits	323,485	-----		273,912	-----	
Other liabilities	27,205			22,316		
Shareholders' equity	143,723			130,763		
Total liabilities and shareholders' equity	\$1,684,494			\$1,499,944		
Net interest spread(1)			4.76%			5.
Net interest income and interest margin(2)		\$58,203	5.12%		\$53,670	5.

(1) Net interest spread represents the average yield earned on interest-earning assets minus the average rate paid on interest-bearing liabilities.

(2) Net interest margin is computed by calculating the difference between interest income and expense, divided by the average balance of interest-earning assets.

Summary of Changes in Interest Income and Expense due to Changes in Average Asset & Liability Balances and Yields Earned & Rates Paid

The following tables set forth a summary of the changes in interest income (FTE) and interest expense from changes in average asset and liability balances (volume) and changes in average interest rates for the periods indicated. Changes not solely attributable to volume or rates have been allocated in

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

proportion to the respective volume and rate components (dollars in thousands).

Three months ended September 30, 2005 compared with three months ended September 30, 2004			
	Volume	Rate	Total
Increase (decrease) in interest income:			
Loans	\$3,204	\$183	\$3,387
Investment securities	(88)	97	9
Federal funds sold	-	3	3
<hr/>			
Total interest-earning assets	3,116	283	3,399
<hr/>			
Increase (decrease) in interest expense:			
Interest-bearing demand deposits	6	11	17
Savings deposits	(25)	81	56
Time deposits	514	740	1,254
Federal funds purchased	73	402	475
Other borrowings	63	(39)	24
Junior subordinated debt	30	169	199
<hr/>			
Total interest-bearing liabilities	661	1,364	2,025
<hr/>			
Increase (decrease) in Net Interest Income	\$2,455	(\$1,081)	\$1,374
<hr/> <hr/>			

Nine months ended September 30, 2005 compared with nine months ended September 30, 2004			
	Volume	Rate	Total
Increase (decrease) in interest income:			
Loans	\$9,645	(\$320)	\$9,325
Investment securities	(431)	467	36
Federal funds sold	(6)	12	6
<hr/>			
Total interest-earning assets	9,208	159	9,367
<hr/>			
Increase (decrease) in interest expense:			
Interest-bearing demand deposits	19	35	54
Savings deposits	(21)	52	31
Time deposits	1,362	1,746	3,108
Federal funds purchased	36	676	712
Other borrowings	203	(163)	40
Junior subordinated debt	453	436	889
<hr/>			
Total interest-bearing liabilities	2,052	2,782	4,834
<hr/>			
Increase (decrease) in Net Interest Income	\$7,156	(\$2,623)	\$4,533
<hr/> <hr/>			

-21-

Provision for Loan Losses

The Company provided \$947,000 for loan losses in the third quarter of 2005

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

versus \$1,166,000 in the third quarter of 2004. During the third quarter of 2005, the Company recorded \$43,000 of net loan charge-offs versus \$612,000 of net loan charge-offs in the year earlier quarter.

The Company provided \$1,608,000 for loan losses during the nine months ended September 30, 2005 versus \$3,084,000 during the nine months ended September 30, 2004. During the nine months ended September 30, 2005, the Company recorded \$337,000 of net loan charge-offs versus \$807,000 of net loan charge-offs in the year earlier nine-month period.

Noninterest Income

The following table summarizes the components of noninterest income for the periods indicated (dollars in thousands).

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Service charges on deposit accounts	\$3,653	\$3,399	\$10,030	\$10,000
ATM fees and interchange	822	693	2,315	1,930
Other service fees	504	500	1,507	1,440
Amortization of mortgage servicing rights	(184)	(156)	(490)	(560)
Recovery of mortgage servicing rights valuation allowance	-	-	-	600
Gain on sale of loans	474	258	1,195	1,310
Commissions on sale of nondeposit investment products	535	578	1,727	1,700
(Loss) Gain on sale of fixed assets	(16)	8	(95)	200
Gain on sale of other real estate	-	384	-	560
Increase in cash value of life insurance	420	352	1,040	1,210
Other noninterest income	424	345	1,040	800
Total noninterest income	\$6,632	\$6,361	\$18,269	\$19,058

Noninterest income for the third quarter of 2005 increased \$271,000 (4.3%) to \$6,632,000 from \$6,361,000 in the year-ago quarter. Included in the results for the quarter ended September 30, 2004 was \$384,000 from gain on sale of other real estate. Excluding this item, noninterest income for the quarter ended September 30, 2004 would have been \$5,977,000, and the \$6,632,000 of noninterest income for the quarter ended September 30, 2005 would have represented a \$655,000 (11.0%) increase.

Noninterest income for the nine months ended September 30, 2005 decreased \$789,000 (4.1%) to \$18,269,000 from \$19,058,000 in the same period in 2004. Included in the results for the nine months ended September 30, 2004 was a \$600,000 recovery of mortgage servicing rights valuation allowance, and \$566,000 from gain on sale of other real estate. Excluding these items, noninterest income for the nine months ended September 30, 2004 would have been \$17,892,000, and the \$18,269,000 of noninterest income for the nine months ended September 30, 2005 would have represented a \$377,000 (2.1%) increase.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Noninterest Expense

The following table summarizes the components of noninterest expense for the periods indicated (dollars in thousands).

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Salaries & benefits	\$8,584	\$8,319	\$25,361	\$24,920
Occupancy	1,034	1,001	3,019	2,940
Equipment	1,023	913	3,092	2,760
Advertising and marketing	561	268	1,283	690
ATM network charges	430	344	1,209	960
Data processing and software	419	413	1,203	1,190
Intangible amortization	346	343	1,035	1,010
Telecommunications	344	426	1,137	1,220
Courier service	292	255	860	780
Professional fees	287	695	968	1,800
Postage	263	201	734	660
Assessments	80	76	233	220
Operational losses	25	126	97	270
Other	1,992	1,843	6,079	5,530
Total	\$15,680	\$15,223	\$46,310	\$45,013
Average full time equivalent staff	592	533	577	533
Noninterest expense to revenue (FTE)	58.69%	60.71%	60.56%	61.89%

Noninterest expense for the third quarter of 2005 increased \$457,000 (3.0%) to \$15,680,000 from \$15,223,000 in the third quarter of 2004. The increase in noninterest expense was the result of a \$265,000 (3.2%) increase in salary and benefit expense to \$8,584,000 and a \$192,000 (2.8%) net increase in other noninterest expense categories to \$7,096,000. The increase in salary and benefits expense was the net result of annual salary increases, new employees from the opening of de-novo branches in Woodland (November 2004), and Lincoln (February 2005), offset by reduced incentive commissions, overtime, and workers compensation expense. Included in the \$192,000 net increase in other noninterest income categories was a \$293,000 increase in advertising expense, and a \$408,000 decrease in professional fees. The decrease in professional fees was mainly due to the expiration of consulting services related to the Company's overdraft privilege product, the expiration of which is not expected to have an impact on revenue from the overdraft privilege product.

Noninterest expense for the first nine months of 2005 increased \$1,297,000 (2.9%) to \$46,310,000 from \$45,013,000 in the first nine months of 2004. The increase in noninterest expense was due to a \$435,000 (1.8%) increase in salary and benefit expense to \$25,361,000 and a \$862,000 (4.3%) net increase in other noninterest expense categories to \$20,949,000. The increase in salary and benefits expense was the net result of annual salary increases, and new employees from the opening of de-novo branches in Woodland (November 2004), and Lincoln (February 2005) that was partially offset by reduced incentive commissions, overtime, and workers compensation expense. Included in the

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

\$862,000 net increase in other noninterest income categories was a \$590,000 increase in advertising expense, and a \$834,000 decrease in professional fees. The decrease in professional fees was mainly due to the expiration of consulting services related to the Company's overdraft privilege product, the expiration of which is not expected to have an impact on revenue from the overdraft privilege product.

Provision for Income Tax

The effective tax rate for the three months ended September 30, 2005 was 39.3% and reflects an increase from 38.3% for the three months ended September 30, 2004. The effective tax rate for the nine months ended September 30, 2005 was 39.1% and reflects an increase from 37.9% for the nine months ended September 30, 2004. The provision for income taxes for all periods presented is primarily attributable to the respective level of earnings and the incidence of allowable deductions, particularly from increase in cash value of life insurance, tax-exempt loans and state and municipal securities.

-23-

Classified Assets

The Company closely monitors the markets in which it conducts its lending operations and continues its strategy to control exposure to loans with high credit risk. Asset reviews are performed using grading standards and criteria similar to those employed by bank regulatory agencies. Assets receiving lesser grades fall under the "classified assets" category, which includes all nonperforming assets and potential problem loans, and receive an elevated level of attention to ensure collection.

The following is a summary of classified assets on the dates indicated (dollars in thousands):

	At September 30, 2005			At December 31, 2004		
	Gross	Guaranteed	Net	Gross	Guaranteed	Net
Classified loans	\$13,463	\$7,288	\$6,175	\$22,337	\$9,436	\$12,901
Other classified assets	-	-	-	-	-	-
Total classified assets	\$13,463	\$7,288	\$6,175	\$22,337	\$9,436	\$12,901
Allowance for losses/classified loans			282.9%			124.5%
Allowance for loan losses/classified loans			255.8%			112.6%

Classified assets, net of guarantees of the U.S. Government, including its agencies and its government-sponsored agencies at September 30, 2005, decreased \$6,726,000 (52.1%) to \$6,175,000 from \$12,901,000 at December 31, 2004.

Nonperforming Loans

Loans are reviewed on an individual basis for reclassification to nonaccrual status when any one of the following occurs: the loan becomes 90 days past due as to interest or principal, the full and timely collection of additional interest or principal becomes uncertain, the loan is classified as doubtful by internal credit review or bank regulatory agencies, a portion of the principal balance has been charged off, or the Company takes possession of the collateral. Loans that are placed on nonaccrual even though the borrowers continue to repay the loans as scheduled are classified as "performing nonaccrual" and are included in total nonperforming loans. The reclassification of loans as nonaccrual does not necessarily reflect Management's judgment as to whether they are collectible.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Interest income is not accrued on loans where Management has determined that the borrowers will be unable to meet contractual principal and/or interest obligations, unless the loan is well secured and in the process of collection. When a loan is placed on nonaccrual, any previously accrued but unpaid interest is reversed. Income on such loans is then recognized only to the extent that cash is received and where the future collection of principal is probable. Interest accruals are resumed on such loans only when they are brought fully current with respect to interest and principal and when, in the judgment of Management, the loans are estimated to be fully collectible as to both principal and interest.

Interest income on nonaccrual loans, which would have been recognized during the nine months, ended September 30, 2005, if all such loans had been current in accordance with their original terms, totaled \$727,000. Interest income actually recognized on these loans during the nine months ended September 30, 2005 was \$596,000.

The Company's policy is to place loans 90 days or more past due on nonaccrual status. In some instances when a loan is 90 days past due Management does not place it on nonaccrual status because the loan is well secured and in the process of collection. A loan is considered to be in the process of collection if, based on a probable specific event, it is expected that the loan will be repaid or brought current. Generally, this collection period would not exceed 30 days. Loans where the collateral has been repossessed are classified as OREO or, if the collateral is personal property, the loan is classified as other assets on the Company's consolidated financial statements.

Management considers both the adequacy of the collateral and the other resources of the borrower in determining the steps to be taken to collect nonaccrual loans. Alternatives that are considered are foreclosure, collecting on guarantees, restructuring the loan or collection lawsuits.

-24-

As shown in the following table, total nonperforming assets net of guarantees of the U.S. Government, including its agencies and its government-sponsored agencies, decreased \$1,858,000 (37.9%) to \$3,048,000 during the first nine months of 2005. Nonperforming assets net of guarantees represent 0.17% of total assets. All nonaccrual loans are considered to be impaired when determining the need for a specific valuation allowance. The Company continues to make a concerted effort to work problem and potential problem loans to reduce risk of loss.

(dollars in thousands):

	At September 30, 2005			At December 31, 2005		
	Gross	Guaranteed	Net	Gross	Guaranteed	Net
Performing nonaccrual loans	\$8,922	\$7,028	\$1,894	\$11,043	\$7,442	\$3,601
Nonperforming, nonaccrual loans	1,121		1,121	1,418	174	1,244
Total nonaccrual loans	10,043	7,028	3,015	12,461	7,616	4,845
Loans 90 days past due and still accruing	33		33	61	-	61

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Total nonperforming loans	10,076	7,028	3,048	12,522	7,616	4,9
Other real estate owned	-	-	-	-	-	
 Total nonperforming assets	 \$10,076	 \$7,028	 \$3,048	 \$12,522	 \$7,616	 \$4,9
 Nonperforming loans/total loans			 0.23%			 0.4
Nonperforming assets/total assets			0.17%			0.3
Allowance for losses/nonperforming loans			573%			32
Allowance for loan losses/nonperforming loans			518%			29

Capital Resources

The current and projected capital position of the Company and the impact of capital plans and long-term strategies are reviewed regularly by Management.

On March 11, 2004, the Company's Board of Directors approved a two-for-one stock split of its common stock. The stock split was effected in the form of a stock dividend that entitled each shareholder of record at the close of business on April 9, 2004 to receive one additional share for every share of TriCo common stock held on that date. Shares resulting from the split were distributed on April 30, 2004.

Also at its meeting on March 11, 2004, the Board of Directors approved an increase in the maximum number of shares to be repurchased under the Company's stock repurchase plan originally announced on July 31, 2003 from 250,000 to 500,000 effective on April 9, 2004, solely to conform with the two-for-one stock split noted above. The 250,000 shares originally authorized for repurchase under this plan represented approximately 3.2% of the Company's approximately 7,852,000 common shares outstanding as of July 31, 2003. This plan has no stated expiration date for the repurchases, which may occur from time to time as market conditions allow. As of September 30, 2005, the Company had repurchased 351,100 shares under this plan as adjusted for the 2-for-1 stock split paid on April 30, 2004, which left 148,900 shares available for repurchase under the plan.

The Company's primary capital resource is shareholders' equity, which was \$146,322,000 at September 30, 2005. This amount represents an increase of \$8,190,000 from December 31, 2004, the net result of comprehensive income of \$14,751,000 for the period and \$1,291,000 reflecting the issuance of common shares via the exercise of stock options, partially offset by \$2,663,000 to repurchase of common stock and dividends paid of \$5,189,000. The Company's ratio of equity to total assets was 8.19%, 8.62%, and 8.49% as of September 30, 2005, September 30, 2004, and December 31, 2004, respectively. The following summarizes the ratios of capital to risk-adjusted assets for the periods indicated:

	At September 30,		At	Minimum
	2005	2004	December 31,	Regulatory
			2004	Requirement
Tier I Capital	10.13%	11.00%	10.67%	4.00%
Total Capital	11.19%	12.36%	11.86%	8.00%
Leverage ratio	9.83%	9.81%	9.86%	4.00%

-25-

Off-Balance Sheet Items

The Bank has certain ongoing commitments under operating and capital leases. These commitments do not significantly impact operating results. As of September

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

30, 2005 commitments to extend credit and commitments related to the Bank's deposit overdraft privilege product were the Bank's only financial instruments with off-balance sheet risk. The Bank has not entered into any contracts for financial derivative instruments such as futures, swaps, options, etc. Commitments to extend credit were \$541,310,000 and \$445,054,000 at September 30, 2005 and December 31, 2004, respectively, and represent 40.8% of the total loans outstanding at September 30, 2005 versus 38.0% at December 31, 2004. Commitments related to the Bank's deposit overdraft privilege product totaled \$34,965,000 and \$28,815,000 at September 30, 2005 and December 31, 2004, respectively.

Certain Contractual Obligations

The following chart summarizes certain contractual obligations of the Company as of December 31, 2004:

(dollars in thousands)	Total	Less than one year	1-3 years	3-5 years
Federal funds purchased	\$46,400	\$46,400	\$ -	\$ -
FHLB loan, fixed rate of 5.41% payable on April 7, 2008, callable in its entirety by FHLB on a quarterly basis beginning April 7, 2003	20,000	-	-	20,000
FHLB loan, fixed rate of 5.35% payable on December 9, 2008	1,500	-	-	1,500
FHLB loan, fixed rate of 5.77% payable on February 23, 2009	1,000	-	-	\$1,000
Capital lease obligation on premises, effective rate of 13% payable monthly in varying amounts through December 1, 2009	344	-	-	344
Other collateralized borrowings, fixed rate of 0.91% payable on January 2, 2005	5,308	5,308	-	-
Junior subordinated debt, adjustable rate of three-month LIBOR plus 3.05%, callable in whole or in part by the Company on a quarterly basis beginning October 7, 2008, matures October 7, 2033	20,619	-	-	-
Junior subordinated debt, adjustable rate of three-month LIBOR plus 2.55%, callable in whole or in part by the Company on a quarterly basis beginning July 23, 2009, matures July 23, 2034	20,619	-	-	-
Operating lease obligations	6,806	1,327	2,202	1,662
Deferred compensation plans(1)	1,544	262	462	427
Supplemental retirement plans(1)	4,996	488	956	926
Employment agreements	233	115	118	-
Total contractual obligations	\$129,369	\$53,900	\$3,738	\$25,859

(1) These amounts represent known certain payments to participants under the Company's deferred compensation and supplemental retirement plans.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Asset and Liability Management

The goal for managing the assets and liabilities of the Company is to maximize shareholder value and earnings while maintaining a high quality balance sheet without exposing the Company to undue interest rate risk. The Board of Directors has overall responsibility for the Company's interest rate risk management policies. The Company has an Asset and Liability Management Committee (ALCO) which establishes and monitors guidelines to control the sensitivity of earnings to changes in interest rates.

Activities involved in asset/liability management include but are not limited to lending, accepting and placing deposits, investing in securities and issuing debt. Interest rate risk is the primary market risk associated with asset/liability management. Sensitivity of earnings to interest rate changes arises when yields on assets change in a different time period or in a different amount from that of interest costs on liabilities. To mitigate interest rate risk, the structure of the balance sheet is managed with the goal that movements of interest rates on assets and liabilities are correlated and contribute to earnings even in periods of volatile interest rates. The asset/liability management policy sets limits on the acceptable amount of variance in net interest margin, net income and market value of equity under changing interest environments. Market value of equity is the net present value of estimated cash flows from the Company's assets, liabilities and off-balance sheet items. The Company uses simulation models to forecast net interest margin, net income and market value of equity.

Simulation of net interest margin, net income and market value of equity under various interest rate scenarios is the primary tool used to measure interest rate risk. Using computer-modeling techniques, the Company is able to estimate the potential impact of changing interest rates on net interest margin, net income and market value of equity. A balance sheet forecast is prepared using inputs of actual loan, securities and interest-bearing liability (i.e. deposits/borrowings) positions as the beginning base.

In the simulation of net interest margin and net income under various interest rate scenarios, the forecast balance sheet is processed against seven interest rate scenarios. These seven interest rate scenarios include a flat rate scenario, which assumes interest rates are unchanged in the future, and six additional rate ramp scenarios ranging from +300 to -300 basis points around the flat scenario in 100 basis point increments. These ramp scenarios assume that interest rates increase or decrease evenly (in a "ramp" fashion) over a twelve-month period and remain at the new levels beyond twelve months.

In the simulation of market value of equity under various interest rate scenarios, the forecast balance sheet is processed against seven interest rate scenarios. These seven interest rate scenarios include the flat rate scenario described above, and six additional rate shock scenarios ranging from +300 to -300 basis points around the flat scenario in 100 basis point increments. These rate shock scenarios assume that interest rates increase or decrease immediately (in a "shock" fashion) and remain at the new level in the future.

At September 30, 2005, the results of the simulations noted above indicate that given a "flat" balance sheet scenario, and if deposit rates track general interest rate changes by approximately 50%, the Company's balance sheet is slightly liability sensitive. "Liability sensitive" implies that earnings decrease when interest rates rise, and increase when interest rates decrease. The magnitude of all the simulation results noted above is within the Bank's policy guidelines. The asset liability management policy limits aggregate market risk, as measured in this fashion, to an acceptable level within the context of

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

risk-return trade-offs.

The simulation results noted above do not incorporate any management actions, which might moderate the negative consequences of interest rate deviations. Therefore, they do not reflect likely actual results, but serve as conservative estimates of interest rate risk.

At September 30, 2005 and 2004, the Company had no derivative financial instruments.

-27-

Liquidity

The Company's principal source of asset liquidity is federal funds sold and marketable investment securities available for sale. At September 30, 2005, federal funds sold and investment securities available for sale totaled \$271,352,000, representing a decrease of \$14,661,000 (5.1%) from December 31, 2004, and a decrease of \$14,715,000 (5.1%) from September 30, 2004. In addition, the Company generates additional liquidity from its operating activities. The Company's profitability during the first nine months of 2005 generated cash flows from operations of \$22,562,000 compared to \$18,248,000 during the first nine months of 2004. Additional cash flows may be provided by financing activities, primarily the acceptance of deposits and borrowings from banks. Maturities of investment securities produced cash inflows of \$45,147,000 during the nine months ended September 30, 2005 compared to \$62,476,000 for the nine months ended September 30, 2004. During the nine months ended September 30, 2005, the Company invested \$35,013,000 and \$155,460,000 in securities and net loan growth, respectively, compared to \$39,580,000 and \$145,989,000 in securities and net loan growth, respectively, during the first nine months of 2004. These changes in investment and loan balances contributed to net cash used for investing activities of \$149,890,000 during the nine months ended September 30, 2005, compared to net cash used for investing activities of \$126,207,000 during the nine months ended September 30, 2004. Financing activities provided net cash of \$142,922,000 during the nine months ended September 30, 2005, compared to net cash provided by financing activities of \$91,348,000 during the nine months ended September 30, 2004. Increases in deposit balances and Federal funds borrowed accounted for \$89,466,000 and \$56,800,000 of financing sources of funds, respectively, during the nine months ended September 30, 2005, compared to increases in deposit balances and Federal funds borrowed of \$55,318,000 and \$17,800,000, respectively, during the nine months ended September 30, 2004. The Company raised \$20,619,000 through the issuance of junior subordinated debt during the nine months ended September 30, 2004. Dividends paid used \$5,189,000 and \$5,001,000 of cash during the nine months ended September 30, 2005 and September 30, 2004, respectively. Repurchase of common stock used \$2,663,000 and \$2,793,000 of cash during the nine months ended September 30, 2005 and September 30, 2004, respectively. Also, the Company's liquidity is dependent on dividends received from the Bank. Dividends from the Bank are subject to certain regulatory restrictions.

Item 4. Controls and Procedures

The Chief Executive Officer, Richard Smith, and the Chief Financial Officer, Thomas Reddish, evaluated the effectiveness of the Company's disclosure controls and procedures as of September 30, 2005 ("Evaluation Date"). Based on that evaluation, they concluded that as of the Evaluation Date the Company's disclosure controls and procedures are effective to allow timely communication to them of information relating to the Company and the Bank required to be disclosed in its filings with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as amended ("Exchange Act"). Disclosure controls and procedures are Company controls and other procedures

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

that are designed to ensure that information required to be disclosed by the Company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

No changes in the Company's internal control over financial reporting occurred during the first nine months of 2005 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

-28-

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

Due to the nature of the banking business, the Bank is at times party to various legal actions; all such actions are of a routine nature and arise in the normal course of business of the Bank.

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

The following table shows information concerning the common stock repurchased by the Company during the third quarter of 2005 pursuant to the Company's stock repurchase plan originally announced on July 31, 2003, as amended effective April 9, 2004, to conform with the Company's two-for-one stock split paid on April 30, 2004, which is discussed in more detail under "Capital Resources" in this annual report on Form 10-K:

Period	(a) Total number of Shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum number of shares that may be purchased under plans or programs
July 1-31, 2005	10,000	\$21.26	10,000	148,900
August 1-31, 2005	-	-	-	148,900
September 1-30, 2005	-	-	-	148,900
Total	10,000	\$21.26	10,000	148,900

Item 6 - Exhibits

- 3.1* Restated Articles of Incorporation dated May 9, 2003, filed as Exhibit 3.1 to TriCo's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003.
- 3.2* Bylaws of TriCo Bancshares, as amended, filed as Exhibit 3.2 to TriCo's Form S-4 Registration Statement dated January 16, 2003 (No. 333-102546).

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

- 4* Certificate of Determination of Preferences of Series AA Junior Participating Preferred Stock filed as Exhibit 3.3 to TriCo's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001.
- 10.1* Rights Agreement dated June 25, 2001, between TriCo and Mellon Investor Services LLC filed as Exhibit 1 to TriCo's Form 8-A dated July 25, 2001.
- 10.2 Form of Change of Control Agreement dated as of August 23, 2005, between TriCo, Tri Counties Bank and each of Bruce Belton, Craig Carney, Gary Coelho, W.R. Hagstrom, Andrew Mastorakis, Rick Miller, Richard O'Sullivan, Thomas Reddish, and Ray Rios.
- 10.4* TriCo's Non-Qualified Stock Option Plan filed as Exhibit 4.2 to TriCo's Form S-8 Registration Statement dated January 18, 1995 (No. 33-88704).
- 10.5* TriCo's Incentive Stock Option Plan filed as Exhibit 4.3 to TriCo's Form S-8 Registration Statement dated January 18, 1995 (No. 33-88704).
- 10.6* TriCo's 1995 Incentive Stock Option Plan filed as Exhibit 4.1 to TriCo's Form S-8 Registration Statement dated August 23, 1995 (No. 33-62063).
- 10.7* TriCo's 2001 Stock Option Plan, as amended filed as Exhibit 10.7 to TriCo's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.

-29-

- 10.8 Amended Employment Agreement between TriCo and Richard Smith dated as of August 23, 2005.
- 10.9 Tri Counties Bank Executive Deferred Compensation Plan restated April 1, 1992, and January 1, 2005.
- 10.10 Tri Counties Bank Deferred Compensation Plan for Directors effective January 1, 2005.
- 10.11 2005 Tri Counties Bank Deferred Compensation Plan for Executives and Directors effective January 1, 2005.
- 10.13* Tri Counties Bank Supplemental Retirement Plan for Directors dated September 1, 1987, as restated January 1, 2001, and amended and restated January 1, 2004 filed as Exhibit 10.12 to TriCo's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.
- 10.14* 2004 TriCo Bancshares Supplemental Retirement Plan for Directors effective January 1, 2004 filed as Exhibit 10.13 to TriCo's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.
- 10.15* Tri Counties Bank Supplemental Executive Retirement Plan effective September 1, 1987, as amended and restated January 1, 2004 filed as Exhibit 10.14 to TriCo's Quarterly Report on Form

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

10-Q for the quarter ended June 30, 2004.

- 10.16* 2004 TriCo Bancshares Supplemental Executive Retirement Plan effective January 1, 2004 filed as Exhibit 10.15 to TriCo's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.
 - 10.17* Form of Joint Beneficiary Agreement effective March 31, 2003 between Tri Counties Bank and each of George Barstow, Dan Bay, Ron Bee, Craig Carney, Robert Elmore, Greg Gill, Richard Miller, Andrew Mastorakis, Richard O'Sullivan, Thomas Reddish, Jerald Sax, and Richard Smith, filed as Exhibit 10.14 to TriCo's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.
 - 10.18* Form of Joint Beneficiary Agreement effective March 31, 2003 between Tri Counties Bank and each of Don Amaral, William Casey, Craig Compton, John Hasbrook, Michael Koehnen, Wendell Lundberg, Donald Murphy, Carroll Taresh, and Alex Vereshagin, filed as Exhibit 10.15 to TriCo's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.
 - 10.19* Form of Tri-Counties Bank Executive Long Term Care Agreement effective June 10, 2003 between Tri Counties Bank and each of Craig Carney, Andrew Mastorakis, Richard Miller, Richard O'Sullivan, and Thomas Reddish, filed as Exhibit 10.16 to TriCo's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.
 - 10.20* Form of Tri-Counties Bank Director Long Term Care Agreement effective June 10, 2003 between Tri Counties Bank and each of Don Amaral, William Casey, Craig Compton, John Hasbrook, Michael Koehnen, Donald Murphy, Carroll Taresh, and Alex Verischagin, filed as Exhibit 10.17 to TriCo's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.
 - 10.21* Form of Indemnification Agreement between TriCo Bancshares/Tri Counties Bank and each of the directors of TriCo Bancshares/Tri Counties Bank effective on the date that each director is first elected, filed as Exhibit 10.18 to TriCo'S Annual Report on Form 10-K for the year ended December 31, 2003.
- 30-
- 10.22* Form of Indemnification Agreement between TriCo Bancshares/Tri Counties Bank and each of Craig Carney, W.R. Hagstrom, Andrew Mastorakis, Rick Miller, Richard O'Sullivan, Thomas Reddish, Ray Rios, and Richard Smith filed as Exhibit 10.21 to TriCo's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.
 - 31.1 Rule 13a-14(a)/15d-14(a) Certification of CEO
 - 31.2 Rule 13a-14(a)/15d-14(a) Certification of CFO
 - 32.1 Section 1350 Certification of CEO
 - 32.2 Section 1350 Certification of CFO

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

* Previously filed and incorporated by reference.

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.

TRICO BANCSHARES
(Registrant)

Date: October 25, 2005

/s/ Thomas J. Reddish

Thomas J. Reddish
Executive Vice President and
Chief Financial Officer

-31-

Exhibit 10.2

Form of Change of Control Agreement dated as of August 23, 2005, between TriCo, Tri Counties Bank and each of Bruce Belton, Craig Carney, Gary Coelho, W.R. Hagstrom, Andrew Mastorakis, Rick Miller, Richard O'Sullivan, Thomas Reddish, and Ray Rios.

This Change of Control Agreement ("Agreement") is dated as of August 23, 2005, and is by and among TRI COUNTIES BANK, a California banking corporation having its principal place of business at 63 Constitution Drive, Chico, California 95973, TRICO BANCSHARES, a California corporation ("TriCo"), and _____ ("Employee").

WHEREAS, Tri Counties Bank desires to retain and assure Employee's services and loyalty during any pending Change of Control, as defined herein, and is willing to provide severance benefits in excess of its regular severance benefits in such event;

WHEREAS, Employee desires to continue in the employ of Tri Counties Bank under the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, the parties hereto agree as follows:

1. TERM OF AGREEMENT. Unless sooner terminated pursuant to the provisions of Section 5 hereof, the initial term of this Agreement shall be for twelve (12) months. On each one-year anniversary of this Agreement thereafter, this Agreement shall automatically renew for an additional one (1) year period, unless terminated by either party ninety (90) days prior to such anniversary date; provided, however this Agreement may not be terminated pursuant to this Section 1 at any time there is a pending or threatened "Change of Control" (as defined herein).

2. DUTIES OF EMPLOYMENT. Employee hereby agrees to devote his full and exclusive time and attention to the business of Tri Counties Bank, TriCo and their subsidiaries (collectively, "Employer"), to faithfully perform the duties assigned to him by the Board of Directors consistent with his office, and to conduct himself in such a way as shall best serve the interests of Employer.

3. CHANGE OF CONTROL.

3.1 In the event of a Change of Control of Employer and in the event that, within one year following the Change of Control, either: (i)

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Employee's employment is terminated by Employer other than for "cause" as defined in Section 5.2, or (ii) Employee terminates his employment with Employer after a substantial and material negative change occurs in Employee's title, compensation and/or responsibilities, then, subject to the provisions of Section 3.3, Employee shall be entitled to receive his salary at the rate then in effect for a period of twenty-four (24) months following the occurrence of the events set forth herein, as well as an amount equal to 200% of the annual bonuses earned by Employee for the last complete calendar year or year of employment, whichever is greater, paid in twenty-four equal monthly installments; provided, however, that the present value of said payments shall not be more than two hundred ninety-nine percent (299%) of Employee's compensation as defined by Section 280G of the Internal Revenue Code of 1954, as amended. Employer shall be relieved of its obligation to make payments under this Section 3.1 if, at the time it is to make such payment, it is insolvent, in conservatorship or receivership, is in a troubled condition, is operating under a supervisory agreement with any regulatory agency having jurisdiction, has been given a financial soundness rating of "4" or "5," or is subject to a proceeding to terminate or suspend federal deposit insurance.

3.2 For purposes of this Agreement, a "Change of Control" of Employer shall occur:

(a) upon Employer's knowledge that any person (as such term is used in Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) is or becomes "the beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of shares representing 40% or more of the combined voting power of the then outstanding securities of Employer; or

(b) upon the first purchase of the common stock of Employer pursuant to a tender or exchange offer (other than a tender or exchange offer made by Employer); or

(c) upon the approval by the stockholders of Employer of a merger or consolidation (other than a merger of consolidation in which Employer is the surviving corporation and which does not result in any reclassification or reorganization of Employer's then outstanding securities), a sale or disposition of all or substantially all of the assets of Employer, or a plan of liquidation or dissolution of Employer; or

(d) if, during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of Employer cease for any reason to constitute at least a majority thereof, unless the election or nomination for the election by the stockholders of Employer of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

3.3 Anything in this Agreement to the contrary notwithstanding, prior to the payment of any compensation or benefits payable under Section 3.1 hereof, the certified public accountants of Employer who served as accountants immediately prior to a Change of Control (the "Certified Public Accountants") shall determine as promptly as practical and in any event within 20 business days following a Change of Control whether any payment or distribution by Employer to or for the benefit of Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, any other agreements or otherwise) (a "Payment") would more likely than not be nondeductible by Employer for Federal income purposes because of section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and if it is, then the aggregate present value of amounts payable or distributable to or for the benefit of Employee pursuant to this

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Agreement (such payments or distributions pursuant to this Agreement are hereinafter referred to as "Agreement Payments") shall be reduced (but not below zero) to the Reduced Amount. For purposes of this Section 3.3, the "Reduced Amount" shall be an amount expressed in present value, which maximizes the aggregate present value of Agreement Payments without causing any payment to be nondeductible by Employer because of said Section 280G of the Code.

If under this Section the Certified Public Accountants determine that any payment would more likely than not be nondeductible by Employer because of Section 280G of the Code, Employer shall promptly give Employee notice to the effect and a copy of the detailed calculation thereof and of the Reduced Amount, and the Employee may then elect, in his sole discretion, which and how much of the Agreement Payments or any other payments shall be eliminated or reduced (as long as after such election the aggregate present value of the Agreement Payments or any other payments equals the Reduced Amount), and shall advise the Employer in writing of his election within 20 business days of his receipt of notice. If no such election is made by Employee within such 20-day period, Employer may elect which and how much of the Agreement Payments or any other payments shall be eliminated or reduced (as long as after such election the aggregate present value of the Agreement Payments equals the Reduced Amount) and shall notify Employee promptly of such election. For purposes of this Section 3.3, present value shall be determined in accordance with Section 280G(d)(4) of the Code. All determinations made by the Certified Public Accountants shall be binding upon Employer and Employee and the payment to Employee shall be made within 20 days of a Change of Control. Employer may suspend for a period of up to 30 days after a Change of Control the Payment and any other payments or benefits due to Employee until the Certified Public Accountants finish the determination and Employee (or Employer, as the case may be) elects how to reduce the Agreement Payments or any other payments, if necessary. As promptly as practicable following such determination and the elections hereunder, Employer shall pay to or distribute to or for the benefit of Employee such amounts as are then due to Employee under this Agreement.

As a result of the uncertainty in the application of Section 280G of the Code, it is possible that Agreement Payments may have been made by Employer, which should not have been made ("Overpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Certified Public Accountants, based upon the assertion of a deficiency by the Internal Revenue Service against Employer or Employee which said Certified Public Accountants believe has a high probability of success, determines that an Overpayment has been made, any such Overpayment shall be treated for all purposes as a loan to Employee which Employee shall repay to Employer together with interest at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code; provided, however, that no amount shall be payable by Employee to Employer in and to the extent such payment would not reduce the amount which is subject to taxation under Section 4999 of the Code. In the event that the Certified Public Accountants, based upon controlling precedent, determine that an Underpayment has occurred, any such Underpayment shall be promptly paid by Employer to or for the benefit of Employee together with interest at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code.

3.4 Continuing Obligations. The triggering of this Section 3 shall not relieve Employee or Employer of their obligations pursuant to the provisions of Section 4 hereof, which contains independent agreements and obligations.

4. COVENANT TO PROTECT TRADE SECRETS.

4.1 The parties hereto recognize that the services performed and to be

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

performed by Employee are special and unique and that by reason of this employment Employee has acquired and will continue to acquire confidential information regarding the strategic plans, business plans, trade secrets, policies, finances, customers and other business affairs of Employer (collectively "Trade Secrets"). Employee hereby agrees not to divulge such Trade Secrets to anyone, either during his employment with Employer or for a period of three (3) years following the termination of his employment. Employee further agrees that all memoranda, notes, records, reports, letters, and other documents made, compiled, received, held, or used by Employee while employed by Employer concerning any phase of the business of Employer shall be Employer's property and shall be delivered by Employee to Employer on the termination of his employment, or at any earlier time on the request of the Board of Directors.

4.2 Employee and Employer agree that in consideration of the payment of the amounts payable to Employee hereunder, Employee specifically covenants to comply with all of the restrictions and obligations contained in this Section 4 except as otherwise specifically provided for herein. Employee and Employer further agree that they have discussed the restrictions and obligations contained in this Section 4 and stipulate that they are reasonable.

4.3 The agreement of Employee regarding the provisions contained in this Section 4 shall be enforceable both at law and in equity, by injunction and otherwise; and the rights and remedies of Employer hereunder with respect thereto shall be cumulative and not alternative and shall not be exhausted by any one or more uses thereof.

5. TERMINATION.

This Agreement is terminable as follows:

5.1 By Employer, upon the voluntary retirement or voluntary resignation of Employee, or upon the death or permanent physical or mental disability of Employee. (For purposes hereof, permanent physical or mental disability shall be deemed to have occurred when Employee has been unable, with reasonable accommodation, to perform the essential functions of his job (i) for a period of six (6) consecutive months or (ii) on 80% or more of the normal working days during any nine (9) consecutive months.)

5.2 By Employer, effective immediately upon providing Employee with notice of his dismissal, for "cause," which shall mean:

1 Employee's dishonesty, disloyalty, willful misconduct, dereliction of duty or conviction of a felony or other crime the subject matter of which is related to his duties for Employer;

2 Employee's commission of an act of fraud or bad faith upon Employer;

3 Employee's willful misappropriation of any funds or property of Employer; or

4 Employee's willful, continued and unreasonable failure to perform his duties or obligations under this Agreement.

5.3 By Employer, upon ninety (90) days prior written notice to Employee, not for cause (as defined in Section 5.2); provided, however, this Agreement may not be terminated pursuant to this Section 5.3 at any time there is a pending or threatened Change of Control of Employer.

6. SCOPE OF AGREEMENT: WAIVERS AND AMENDMENTS.

The scope of this Agreement is limited to the specific provisions set forth herein and is not intended to encompass all the terms and conditions of the relationship between Employee and Employer and any and all matters related thereto. The effects of the termination of Employee's employment under circumstances other than after a Change of Control and as specifically set forth herein shall be subject to the policies of Employer and any other written agreement between Employee and Employer. Neither this Agreement nor any term or condition hereof, including without limitation, the terms and conditions of this Section, may be waived or modified in whole or in part as against Employer or Employee, as the case may be, except by written instrument signed by an authorized officer of Employer and by Employee, expressly stating that it is

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

intended to operate as a waiver or modification of this Agreement, and any such written waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach hereof.

7. NOTICE.

Any notice hereunder shall be in writing and shall be deemed effective five (5) days after it has been mailed, by certified mail, in the case of Employer addressed to the address above written, or such other address as Employee knows to be the then corporate office of Employer, to the attention of the President of Employer and, in the case of Employee, to Employee's address as contained in the personnel records of Employer. Either party may from time to time, in writing by certified mail, designate another address, which shall become his or its effective address for the purposes of this Section 7.

8. SEVERABILITY.

If any term or provision of this Agreement or the application thereof to any person, property or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons, property or circumstances other than those as to which it is invalid or unenforceable, shall not be effected thereby, and each term provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

9. NO RESTRICTIONS.

Employee hereby represents and warrants that he is not now and will not be subject to any agreement, restriction, lien, encumbrance, or right, title or interest in any one of the foregoing, limiting in any way the scope of this Agreement or in any way inconsistent with this Agreement.

10. NO ASSIGNMENT: BINDING EFFECT.

This Agreement shall be binding upon and inure to the benefit of Employer, its successors or assigns. Except as to the obligation of Employee to render personal services which shall be non-assignable, this Agreement shall be binding upon and inure to the heirs, executors, administrators, and assigns of Employee.

11. ARBITRATION.

EXCEPT AS TO ANY ACTION BROUGHT TO ENFORCE THE PROVISIONS OF SECTION 4 ABOVE, ANY CONTROVERSY, DISPUTE OR CLAIM ARISING OUT OF OR RELATING TO THE TERMINATION OF THE EMPLOYEE'S EMPLOYMENT, AND THE INTERPRETATION OF THIS AGREEMENT, AND ANY AND ALL CLAIMS INCLUDING ANY STATUTORY CLAIMS OF DISCRIMINATION, SHALL BE RESOLVED BY BINDING ARBITRATION UNDER THE EMPLOYMENT DISPUTE RESOLUTION RULES OF THE AMERICAN ARBITRATION ASSOCIATION PROVISIONS OF THE FEDERAL UNIFORM ARBITRATION ACT.

The parties agree that arbitration shall be the exclusive forum to resolve any and all claims between the parties, their agents and employees regarding the termination of employment, or of this Agreement, including any claims of discrimination under any state or federal statute, wrongful discharge theory, or any other claim whether based on specific state or federal statute or common law.

ANY CLAIM MADE UNDER THIS PROVISION MAY BE SUBMITTED IN WRITING WITHIN 60 DAYS AFTER THE TERMINATION OF EMPLOYMENT OR THIS AGREEMENT. THE WRITTEN CLAIM MUST DETAIL THE FACTS WHICH SUPPORT THE CLAIM ALONG WITH ANY LEGAL THEORIES OR STATUS UPON WHICH THE CLAIM IS BASED.

The parties agree to abide by any determination of the arbitrator as to which party is to be responsible for the costs and attorneys' fees in any such proceeding. It is agreed that the arbitrator shall be empowered to hear all legal and equitable claims, including claims for discrimination. The arbitrator shall be governed by the law applicable to any claims based upon any state or federal statute, and will also be empowered to award any remedies appropriate under any such statutes.

This provision shall survive the termination of Employee's employment and this Agreement.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

12. HEADINGS.

The captions and headings contained herein have been inserted for convenience or reference only and shall not affect the meaning or interpretation of this Agreement.

13. GOVERNING LAW AND CHOICE OF FORUM.

This Agreement shall be construed and enforced in accordance with the laws of the State of California and shall be enforced in the State or Federal Courts sitting in California.

TRICO BANCSHARES
TRI COUNTIES BANK

By: _____

Exhibit 10.8

Amended Employment Agreement between TriCo and Richard Smith dated August 23, 2005.

This AMENDED EMPLOYMENT AGREEMENT ("Agreement") is entered into as of August 23, 2005 between TRICO BANCSHARES ("EMPLOYER"), having its principal place of business at 63 Constitution Drive, Chico, California 95926 and Richard P. Smith ("Employee"), and replaces in its entirety the Employment Agreement dated April 20, 2004, between EMPLOYER and Employee.

WITNESSETH

WHEREAS, EMPLOYER desires to continue to employ Employee pursuant to the terms of this Agreement and Employee is desirous of and wishes to continue in such employment, on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises, mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. EMPLOYMENT

EMPLOYER hereby employs Employee, and Employee hereby accepts appointment, as President and Chief Executive Officer. Employee shall report to and be under the supervision of the Board of Directors of EMPLOYER and Employee hereby agrees to devote his full and exclusive time and attention to the business of EMPLOYER, to faithfully perform the duties assigned to him by the Board of Directors consistent with his office, and to conduct himself in such a way as shall best serve the interests of EMPLOYER.

2. TERM OF AGREEMENT

Unless sooner terminated by EMPLOYER or the Employee pursuant to the provisions of Sections 4 or 6 hereof, the employment provisions of this Agreement shall terminate on the first (1st) anniversary of the date of this Agreement. This Agreement shall automatically be extended for an additional year on the first anniversary of this Agreement and each anniversary thereafter unless a party notifies the other party to the contrary in writing 90 days prior to an anniversary date; provided, however, this Agreement may not be terminated

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

pursuant to this Section 2 at any time there is a pending or threatened "Change of Control" (as defined herein).

3. COMPENSATION

For and in consideration of the performance by the Employee of the services, terms, conditions, covenants and promises herein recited, EMPLOYER agrees and promises to pay to the Employee at the times and in the manner herein stated, the following:

3.1 Salary. As the compensation for the services to be performed by the Employee hereunder during the employment period, the Employee shall receive, as gross salary before any withholding of whatever sort, the sum of \$410,000.00 per year, payable in the manner in which EMPLOYER's payroll is customarily handled. Additionally, Employee will be eligible for such annual increases in salary as EMPLOYER's Compensation Committee shall from time to time decide.

3.2 Bonus/Incentive Plan. Employee shall participate in a bonus/incentive plan to be agreed upon between Employee and EMPLOYER and approved by the EMPLOYER's Compensation Committee.

3.3 Stock Options. Employee will be granted options annually to purchase shares of TRICO BANCSHARES ("TRICO") common stock pursuant to and under the terms of TRICO's stock option plans in amounts determined by EMPLOYER's Compensation Committee.

3.4 Employee Benefits. In addition to the above, EMPLOYER shall provide Employee with the following:

- (a) participation for the Employee and his dependents, in any present or future disability, health, dental or other insurance plan generally available to all employees of EMPLOYER, such participation to be on the same basis as such other executives/employees, except that the 90 day waiting period for inclusion shall be waived;
- (b) participation for the Employee in any present or future employee savings plans, including, but not limited to EMPLOYER's 401(k) Savings Plan; Employee Stock Ownership Plan; Executive Deferred Compensation Plan; and Supplemental Executive Retirement Plan;
- (c) twenty (20) paid vacation days annually; and
- (d) a car allowance of \$1,000.00 per month and reimbursement of other reasonable out-of-pocket expenses, including \$0.30 per mile, incurred by the Employee in the performance of the duties hereunder in accordance with the policies of EMPLOYER.

4. EARLY TERMINATION OF EMPLOYMENT

4.1 Termination For Cause. EMPLOYER may at any time, in its sole discretion, terminate the employment provisions of this Agreement for "cause," effective immediately upon providing the Employee with notice of his dismissal. The only occurrences which shall constitute "cause" within the meaning of this paragraph shall be the following:

- (a) Employee's dishonesty, disloyalty, willful misconduct, dereliction of duty or conviction of a felony or other crime the

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

subject matter of which is related to his duties for EMPLOYER;

- (b) the commission by the Employee of an act of fraud or bad faith upon EMPLOYER;
- (c) the willful misappropriation of any funds or property of EMPLOYER by the Employee;
- (d) the willful, continued and unreasonable failure by the Employee to perform his duties or obligations under this Agreement; or
- (e) the breach of any material provisions hereof or the engagement by the Employee, without the prior written approval of EMPLOYER, in any activity which would violate the provisions of Section 7 of this Agreement.

4.2 Termination Without Cause. EMPLOYER may at any time upon 90 days' written notice given to Employee, in its sole discretion, terminate the employment provisions of this Agreement without "cause," which term is defined in Section 4.1 hereof; provided, however, this Agreement may not be terminated pursuant to this Section 4.2 at any time there is a pending or threatened change of control of EMPLOYER.

4.3 Voluntary Termination. The employment provisions of this Agreement shall also terminate upon:

- (a) the death or permanent physical or mental disability of the Employee;
- (b) the voluntary retirement of the Employee; or
- (c) the voluntary resignation of the Employee.

For purposes hereof, permanent physical or mental disability shall be deemed to have occurred when Employee has been unable, with reasonable accommodation, to perform the essential functions of his job (i) for a period of six (6) consecutive months or (ii) on 80% or more of the normal working days during any nine (9) consecutive months.

5. RIGHTS UPON EARLY TERMINATION OF EMPLOYMENT

5.1 Termination Pursuant to Section 4.1 or 4.3. If Employee's employment is terminated pursuant to paragraph 4.1 or 4.3 hereof, then EMPLOYER will have no obligation to pay any amount to the Employee other than amounts earned or accrued pursuant to the provisions of Section 3, but which have not yet been paid as of the date of the termination of the Employee, and the Employee shall have no further claims against EMPLOYER or its subsidiaries with respect to this Agreement (except with respect to payments due and payable under this paragraph 5.1).

5.2 Termination Pursuant to Section 4.2. If Employee's employment is terminated pursuant to paragraph 4.2 hereof, then EMPLOYER shall pay to the Employee all amounts earned or accrued pursuant to the provisions of Section 3 hereof, but which have not yet been paid as of the date of the termination of the Employee. In addition, EMPLOYER shall pay Employee a prorated amount of Employee's minimum guaranteed annual bonus (as set forth in Section 3.2) through the date of termination. In addition, EMPLOYER shall pay through the then remaining term of this Agreement, the amount of salary that would be payable pursuant to paragraph 3.1 if the Employee's

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

employment had not been terminated, at such times and in such amounts that would have been paid if Employee's employment had not been terminated.

6. CHANGE OF CONTROL

6.1 Benefits. In the event of a Change of Control of EMPLOYER and in the event that, within one year following the Change of Control, either: (i) Employee's employment is terminated by EMPLOYER other than for "cause" as defined in Section 5.2, or (ii) Employee terminates his employment with EMPLOYER after a substantial and material negative change occurs in Employee's title, compensation and/or responsibilities, then, subject to the provisions of Section 6.3, Employee shall be entitled to receive his salary at the rate then in effect for a period of twenty-four (24) months following the occurrence of the events set forth herein, as well as an amount equal to 200% of the annual bonuses earned by Employee for the last complete calendar year or year of employment, whichever is greater, paid in twenty-four equal monthly installments; provided, however, that the present value of said payments shall not be more than two hundred ninety-nine percent (299%) of Employee's compensation as defined by Section 280G of the Internal Revenue Code of 1954, as amended. EMPLOYER shall be relieved of its obligation to make payments under this Section 6.1 if, at the time it is to make such payment, it is insolvent, in conservatorship or receivership, is in a troubled condition, is operating under a supervisory agreement with any regulatory agency having jurisdiction, has been given a financial soundness rating of "4" or "5," or is subject to a proceeding to terminate or suspend federal deposit insurance.

6.2 Defined. For purposes of this Section 6, a "Change of Control" of EMPLOYER shall occur:

(a) upon EMPLOYER's knowledge that any person (as such term is used in Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) is or becomes "the beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of shares representing 40% or more of the combined voting power of the then outstanding securities of EMPLOYER or Tri Counties Bank; or

(b) upon the first purchase of the common stock of EMPLOYER pursuant to a tender or exchange offer (other than a tender or exchange offer made by EMPLOYER); or

(c) upon the approval by the stockholders of EMPLOYER of a merger or consolidation (other than a merger of consolidation in which EMPLOYER is the surviving corporation and which does not result in any reclassification or reorganization of EMPLOYER's then outstanding securities), a sale or disposition of all or substantially all of EMPLOYER's assets, or a plan of liquidation or dissolution of EMPLOYER; or

(d) if, during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of EMPLOYER cease for any reason to constitute at least a majority thereof, unless the election or nomination for the election by the stockholders of EMPLOYER of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

6.3 Limitations. Anything in this Agreement to the contrary notwithstanding, prior to the payment of any compensation or benefits

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

payable under Section 6.1 hereof, the certified public accountants of EMPLOYER who served as accountants immediately prior to a Change of Control (the "Certified Public Accountants") shall determine as promptly as practical and in any event within 20 business days following a Change of Control whether any payment or distribution by EMPLOYER to or for the benefit of Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, any other agreements or otherwise) (a "Payment") would more likely than not be nondeductible by EMPLOYER for Federal income tax purposes because of section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and if it is, then the aggregate present value of amounts payable or distributable to or for the benefit of EMPLOYEE pursuant to this Agreement (such payments or distributions pursuant to this Agreement are hereinafter referred to as "Contract Payments") shall be reduced (but not below zero) to the Reduced Amount. For purposes of this Section 6.3, the "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Contract Payments without causing any payment to be nondeductible by EMPLOYER because of said Section 280G of the Code.

If under this Section the Certified Public Accountants determine that any payment would more likely than not be nondeductible by EMPLOYER because of Section 280G of the Code, EMPLOYER shall promptly give Employee notice to that effect and a copy of the detailed calculation thereof and of the Reduced Amount, and the Employee may then elect, in his sole discretion, which and how much of the Contract Payments or any other payments shall be eliminated or reduced (as long as after such election the aggregate present value of the Contract Payments or any other payments equals the Reduced Amount), and shall advise the EMPLOYER in writing of his election within 20 business days of his receipt of notice. If no such election is made by Employee within such 20-day period, EMPLOYER may elect which and how much of the Contract Payments or any other payments shall be eliminated or reduced (as long as after such election the aggregate present value of the Contract Payments equals the Reduced Amount) and shall notify Employee promptly of such election. For purposes of this Section 6.3, present value shall be determined in accordance with Section 280G(d)(4) of the Code. All determinations made by the Certified Public Accountants shall be binding upon EMPLOYER and Employee and the payment to Employee shall be made within 20 days of a Change of Control. EMPLOYER may suspend for a period of up to 30 days after a Change of Control the Payment and any other payments or benefits due to Employee until the Certified Public Accountants finish the determination and Employee (or EMPLOYER, as the case may be) elects how to reduce the Contract Payments or any other payments, if necessary. As promptly as practicable following such determination and the elections hereunder, EMPLOYER shall pay to or distribute to or for the benefit of Employee such amounts as are then due to Employee under this Agreement.

As a result of the uncertainty in the application of Section 280G of the Code, it is possible that Contract Payments may have been made by EMPLOYER which should not have been made ("Overpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Certified Public Accountants, based upon the assertion of a deficiency by the Internal Revenue Service against EMPLOYER or Employee which said Certified Public Accountants believe has a high probability of success, determines that an Overpayment has been made, any such Overpayment shall be treated for all purposes as a loan to Employee which Employee shall repay to EMPLOYER together with interest at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code; provided, however, that no amount shall be payable by Employee to EMPLOYER in and to the extent such payment would not reduce the amount which is subject to taxation under Section 4999 of the Code. In the event that the Certified Public Accountants, based upon controlling precedent, determine that an Underpayment has occurred, any such Underpayment shall be promptly paid by EMPLOYER to or for the benefit of Employee together with interest at the applicable Federal rate provided for in Section 7872(f)(2)(A) of

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

the Code.

6.4 Continuing Obligations. The triggering of this Section 6 shall not relieve Employee or EMPLOYER of their obligations pursuant to the provisions of Section 7 hereof, which contains independent agreements and obligations.

7. COVENANTS

7.1 Non-disturbance with Employees. Employee hereby agrees that (a) during the term of his employment with EMPLOYER and for a period of twelve (12) months following the termination of his employment, he will not directly or indirectly solicit, cause any other person to solicit or assist any other person with soliciting, the employment of any person who is, at the time of such solicitation, or who was within 30 days of such solicitation, an employee of EMPLOYER or its subsidiaries or employees. Employment for purposes of this Section shall include consulting, performing services for commissions or otherwise performing services for cash or other compensation.

7.2 Confidential Information. The parties hereto recognize that the services performed and to be performed by Employee are special and unique and that by reason of this employment Employee has acquired and will continue to acquire information regarding the strategic plans, business plans, policies, finances and customers and trade secrets of EMPLOYER ("Confidential Information"). Employee hereby agrees not to divulge such Confidential Information to anyone, either during his employment with EMPLOYER or for a period of three (3) years following the termination of his employment. Employee further agrees that all memoranda, notes, records, reports, letters, and other documents made, compiled, received, held, or used by Employee while employed by EMPLOYER concerning any phase of the business of EMPLOYER shall be EMPLOYER's property and shall be delivered by Employee to EMPLOYER on the termination of his employment, or at any earlier time on the request of the Board of Directors.

7.3 Non-use of Confidential Information. Employee hereby agrees that (a) during the term of his employment with EMPLOYER; and (b) for a period of one year following the termination of his employment, he will not use any Confidential Information, and especially information concerning EMPLOYER's customers to directly or indirectly solicit, cause any other person to solicit or assist any other person with soliciting any customer, depositor or borrower of EMPLOYER or its subsidiaries or affiliates to become a customer, depositor or borrower of another bank, savings and loan, or financial institution.

7.4 Enforcement. The agreement of Employee regarding the provisions contained in this Section 7 shall be enforceable both at law and in equity, by injunction and otherwise; and the rights and remedies of EMPLOYER hereunder with respect thereto shall be cumulative and not alternative and shall not be exhausted by any one or more uses thereof.

8. ENTIRE AGREEMENT: WAIVERS AND AMENDMENTS

This Agreement sets forth the entire agreement between the parties with respect to the terms and conditions of the relationship between Employee and EMPLOYER and any and all matters related thereto, and any and all prior agreements with respect to any thereof, whether oral or written, are superseded hereby. Neither this Agreement nor any term or condition hereof, including without limitation, the terms and conditions of this Section, may be waived or

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

modified in whole or in part as against EMPLOYER or Employee, as the case may be, except by written instrument signed by an authorized officer of EMPLOYER and by Employee, expressly stating that it is intended to operate as a waiver or modification of this Agreement, and any such written waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach hereof.

9. NOTICE

Any notices, consents or other communication required to be sent or given hereunder by any of the parties shall in every case be in writing and shall be deemed properly served if (a) delivered personally, (b) sent by registered or certified mail, in all such cases with first class postage prepaid, return receipt requested, or (c) delivered by a recognized overnight courier service, if to EMPLOYER at the address of its main office to the attention of its President and, if to Employee, at his last address on the personnel records of EMPLOYER or at such other addresses as may be furnished by a party in writing according to the provisions of this Section 9, except that either party may from time to time, in writing by certified mail, designate another address which shall thereupon become his or its effective address for the purposes of this Section 9.

10. SEVERABILITY

If any term or provision of this Agreement or the application thereof to any person, property or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons, property or circumstances other than those as to which it is invalid or unenforceable, shall not be effected thereby, and each term provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

11. NO RESTRICTIONS

Employee hereby represents and warrants that he is not now and will not be subject to any agreement, restriction, lien, encumbrance, or right, title or interest in any one of the foregoing, limiting in any way the scope of this Agreement or in any way inconsistent with this Agreement.

12. NO ASSIGNMENT: BINDING EFFECT

This Agreement shall be binding upon and inure to the benefit of EMPLOYER, its successors or assigns. Except as to the obligation of Employee to render personal services which shall be non-assignable, this Agreement shall be binding upon and inure to the heirs, executors, administrators, and assigns of Employee.

13. ARBITRATION

EXCEPT AS TO ANY ACTION BROUGHT TO ENFORCE THE PROVISIONS OF SECTION 7 ABOVE, ANY CONTROVERSY, DISPUTE OR CLAIM ARISING OUT OF OR RELATING TO THE TERMINATION OF THE EMPLOYEE'S EMPLOYMENT, AND THE INTERPRETATION OF THIS AGREEMENT, AND ANY AND ALL CLAIMS INCLUDING ANY STATUTORY CLAIMS OF DISCRIMINATION, SHALL BE RESOLVED BY BINDING ARBITRATION UNDER THE EMPLOYMENT DISPUTE RESOLUTION RULES OF THE AMERICAN ARBITRATION ASSOCIATION PROVISIONS OF THE FEDERAL UNIFORM ARBITRATION ACT.

The parties agree that arbitration shall be the exclusive forum to resolve any and all claims between the parties, their agents and employees regarding the termination of employment, or of this Agreement, including any claims of

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

discrimination under any state or federal statute, wrongful discharge theory, or any other claim whether based on specific state or federal statute or common law.

ANY CLAIM MADE UNDER THIS PROVISION MAY BE SUBMITTED IN WRITING WITHIN 60 DAYS AFTER THE TERMINATION OF EMPLOYMENT OR THIS AGREEMENT. THE WRITTEN CLAIM MUST DETAIL THE FACTS WHICH SUPPORT THE CLAIM ALONG WITH ANY LEGAL THEORIES OR STATUS UPON WHICH THE CLAIM IS BASED.

The parties agree to abide by any determination of the arbitrator as to which party is to be responsible for the costs and attorneys' fees in any such proceeding. It is agreed that the arbitrator shall be empowered to hear all legal and equitable claims, including claims for discrimination. The arbitrator shall be governed by the law applicable to any claims based upon any state or federal statute, and will also be empowered to award any remedies appropriate under any such statutes.

This provision shall survive the termination of Employee's employment and this Agreement.

14. HEADINGS

The captions and headings contained herein have been inserted for convenience or reference only and shall not affect the meaning or interpretation of this Agreement.

15. GOVERNING LAW AND CHOICE OF FORUM

This Agreement shall be construed and enforced in accordance with the laws of the State of California and shall be enforced in the State or Federal Courts sitting in California.

EMPLOYEE

/s/ Richard P. Smith

Richard P. Smith

ATTEST:

/s/ Thomas J. Reddish

Thomas J. Reddish, Vice President
& CFO

TRICO BANCSHARES

By: /s/ William J. Casey

William J. Casey, Chairman of
the Board

ATTEST:

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

/s/ Thomas J. Reddish

Thomas J. Reddish, Vice President
& CFO

Exhibit 10.9

Tri Counties Bank Executive Deferred Compensation Plan restated April 1, 1992,
and January 1, 2005

TABLE OF CONTENTS

	PAGE
ARTICLE I--PURPOSE	5
ARTICLE II--DEFINITIONS	5
2.1 Actuarial Equivalent	5
2.2 Account	5
2.3 Beneficiary	5
2.4 Board	5
2.5 Change in Control	6
2.6 Committee	6
2.7 Compensation	6
2.8 Deferral Commitment	6
2.9 Deferral Period	6
2.10 Determination Date	7
2.11 Disability	7
2.12 Distribution Election	7
2.13 Elective Deferred Compensation	7
2.14 Employer	7
2.15 Financial Hardship	7
2.16 Base Interest Rate	7
2.17 Bonus Interest Rate	7
2.18 Participant	8
2.19 Plan Benefit	8
2.20 Qualified Plans	8
ARTICLE III--PARTICIPATION AND DEFERRAL COMMITMENTS	8
3.1 Eligibility and Participation	8
3.2 Form of Deferral; Minimum Deferral	8
3.3 Limitation on Deferral	8
3.4 Modification of Deferral Commitment	9
3.5 Change in Employment Status	9
3.6 Involuntary Termination	9
ARTICLE IV--DEFERRED COMPENSATION ACCOUNT	9
4.1 Accounts	9
4.2 Elective Deferred Compensation	9
4.3 Employer Discretionary Contributions	10
4.4 Qualified Plan Make-Up Credit	10
4.5 Interest	10
4.6 Determination of Accounts	10
4.7 Vesting of Accounts	10
4.8 Disability	11
4.9 Statement of Accounts	11

TABLE OF CONTENTS

	PAGE
ARTICLE V--PLAN BENEFITS	11
5.1 Plan Benefit	11
5.2 Death Benefit	11
5.3 Hardship Distributions	11
5.4 Accelerated Distribution	11
5.5 Form of Benefit Payment	11
5.6 Withholding; Payroll Taxes	12
5.7 Commencement of Payments	12
5.8 Payment to Guardian	12
ARTICLE VI--BENEFICIARY DESIGNATION	12
6.1 Beneficiary Designation	12
6.2 Amendments	12
6.3 No Beneficiary Designation	13
6.4 Effect of Payment	13
ARTICLE VII--ADMINISTRATION	13
7.1 Committee; Duties	13
7.2 Agents	13
7.3 Binding Effect of Decisions	13
7.4 Indemnity of Committee	13
ARTICLE VIII--CLAIMS PROCEDURE	13
8.1 Claim	13
8.2 Denial of Claim	14
8.3 Review of Claim	14
8.4 Final Decision	14
ARTICLE IX--AMENDMENT AND TERMINATION OF PLAN	14
9.1 Amendment	14
9.2 Employer's Right to Terminate	14
ARTICLE X--MISCELLANEOUS	15
10.1 Unfunded Plan	15
10.2 Unsecured General Creditor	15
10.3 Trust Fund	15
10.4 Nonassignability	15
10.5 Not a Contract of Employment	16
10.6 Protective Provisions	16
10.7 Terms	16
10.8 Captions	16
10.9 Governing Law	16
10.10 Validity	16

TABLE OF CONTENTS

	PAGE
10.11 Notice	16
10.12 Successors	17

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

EXHIBIT 1: Deferral Commitment Agreement	18
EXHIBIT 2: Distribution Election	19
EXHIBIT 3: Beneficiary Designation	20

TRI COUNTIES BANK

EXECUTIVE DEFERRED COMPENSATION PLAN

RESTATED APRIL 1, 1992 AND JANUARY 1, 2005

This restatement of the Tri Counties Bank Executive Deferred Compensation Plan, effective January 1, 2005 applies only to those Participants in the Plan who are actively employed by the TriCo Bancshares or its affiliates or subsidiaries as of this date. Any retired Participant in this Plan will continue to receive benefits pursuant to the terms of the Plan as restated on April 1, 1992.

ARTICLE I--PURPOSE

The purpose of this Executive Deferred Compensation Plan (the "Plan") is to provide current tax planning opportunities as well as supplemental funds for retirement or death for selected employees of TriCo Bancshares ("Bank") and subsidiaries or affiliates thereof. It is intended that the Plan will aid in retaining and attracting employees of exceptional ability by providing them with these benefits. This Plan will be effective as of September 1, 1987.

ARTICLE II--DEFINITIONS

For the purposes of this Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise:

2.1 Actuarial Equivalent

"Actuarial Equivalent" means equivalence in value between two (2) or more forms and/or times of payment based on a determination by an actuary chosen by the Bank, using sound actuarial assumptions at the time of such determination.

2.2 Account

"Account" means the Account as maintained by the Employer in accordance with Article IV with respect to any deferral of Compensation pursuant to this Plan. A Participant's Account shall be utilized solely as a device for the determination and measurement of the amounts to be paid to the Participant pursuant to the Plan. A Participant's Account shall not constitute or be treated as a trust fund of any kind.

2.3 Beneficiary

"Beneficiary" means the person, person or entity entitled under Article VI to receive any Plan benefits payable after a Participant's death.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

2.4 Board

"Board" means the Board of Directors of the Employer.

2.5 Change in Control

A "Change in Control" shall occur:

(a) Upon TriCo Bancshares' knowledge that any person (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) is or becomes "the beneficial owner" (as defined in Rule 13(d)(3) of the Exchange Act), directly or indirectly, of TriCo Bancshares' shares representing forty percent (40%) or more of the combined voting power of the then outstanding securities; or

(b) Upon the first purchase of the Common Stock of TriCo Bancshares pursuant to a tender or exchange offer (other than a tender or exchange offer made by TriCo Bancshares); or

(c) Upon the approval by the stockholders of TriCo Bancshares of a merger or consolidation (other than a merger or consolidation in which TriCo Bancshares is the surviving corporation and which does not result in any reclassification or reorganization of TriCo Bancshares' then outstanding securities), a sale or disposition of all or substantially all of TriCo Bancshares' assets or a plan of liquidation or dissolution of TriCo Bancshares; or

(d) If, during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board of Directors of TriCo Bancshares cease for any reason to constitute at least a majority thereof, unless the election or nomination for the election by the stockholders of TriCo Bancshares of each new director was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of the period.

2.6 Committee

"Committee means the Compensation and benefits Committee of the Board of Directors of TriCo Bancshares.

2.7 Compensation

"Compensation" means the salary and bonuses payable to Participant during the calendar year and considered to be "wages" for purposes of federal income tax withholding, before reduction for amounts deferred under this Plan. Compensation does not include expense reimbursements, any form of noncash compensation or benefits.

2.8 Deferral Commitment

"Deferral Commitment" means an election to defer Compensation made by a Participant pursuant to Article III and for which a separate Deferral Commitment Agreement has been submitted by the Participant to the Committee.

2.9 Deferral Period

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

"Deferral Period" means the period over which a Participant has elected to defer a portion of his Compensation. Each calendar year shall be a separate Deferral Period, provided that the Deferral Period may be modified pursuant to paragraph 3.4 or 3.5.

2.10 Determination Date

"Determination Date" means the last day of each calendar month.

2.11 Disability

"Disability" means a physical or mental condition which, in the opinion of the Committee, permanently prevents an employee from satisfactorily performing employee's usual duties for Employer. The Committee's decision as to Disability will be based upon medical reports and/or other evidence satisfactory to the Committee. In no event shall a Disability be deemed to occur or to continue after a Participant's Normal Retirement Date.

2.12 Distribution Election

The term "Distribution Election" shall mean the form of distribution of the Account selected by the Participant on most recent Distribution Election provided such Distribution Election has been made at least one full calendar year prior to the date of the Participant's first Plan Distribution.

2.13 Elective Deferred Compensation

The amount of Compensation that a Participant elects to defer pursuant to a Deferral Commitment.

2.14 Employer

"Employer" means TriCo Bancshares, Tri Counties Bank, and any affiliated or subsidiary corporation designated by the Board of TriCo Bancshares or any successors to the business thereof.

2.15 Financial Hardship

"Financial Hardship" means an immediate and heavy financial need of the Participant, determined by the Committee on the basis of information supplied by the Participant in accordance with the standards set forth in the applicable treasury regulations promulgated under Section 401(k) of the Internal Revenue Code, or such other standards as are, from time to time, established by the Committee.

2.16 Base Interest Rate

"Interest Rate" means, with respect to any calendar month, the monthly equivalent of the annual yield of the Moody's Average Corporate Bond Yield Index for the preceding calendar month as published by Moody's Investor Service, Inc. (or any successor thereto) or, if such index is no longer published, a substantially similar index selected by the Board.

2.17 Bonus Interest Rate

Until December 31, 2008, the term "Bonus Interest Rate" means, with respect to any calendar month, the monthly equivalent of three (3) percentage points greater than the annual yield of the Moody's Average Corporate Bond Yield Index

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

for the preceding calendar month as published by Moody's Investor Service, Inc. (or any successor thereto) or, if such index is no longer published, a substantially similar index selected by the Board. Thereafter, the Bonus Interest Rate applied to the Account balance shall be defined as: the monthly equivalent of one (1) percentage points greater than the annual yield of the Moody's Average Corporate Bond Yield Index for the preceding calendar month as published by Moody's Investor Service, Inc. (or any successor thereto) or, if such index is no longer published, a substantially similar index selected by the Board. The Bonus Interest Rate shall be applied to all deferrals of compensation made under this Plan provided the Executive is employed by the Bank.

2.18 Participant

"Participant" means any individual who is participating or has participated in this Plan as provided in Article III.

2.19 Plan Benefit

"Plan Benefit" means the benefit payable to a Participant as calculated in Article V.

2.20 Qualified Plans

"Qualified Plans" means the TriCo Bancshares Employee Stock Option Plan and/or the Profit Sharing Plan of the Tri Counties Bank and/or any successor of either Plan.

ARTICLE III--PARTICIPATION AND DEFERRAL COMMITMENTS

3.1 Eligibility and Participation

(a) Eligibility. Eligibility to participate in the Plan shall be limited to those key employees of the Employer who are designated, from time to time, by the Board of TriCo Bancshares and who have not made prior deferrals to the Plan in excess of \$250,000.

(b) Participation. An eligible employee may elect to participate in the Plan with respect to any Deferral Period by submitting a Deferral Commitment Agreement to the Committee by December 1 of the calendar year immediately preceding the Deferral Period.

(c) Part-Year Participation. In the event that an employee first becomes eligible to participate during a Deferral Period, a Deferral Commitment Agreement must be submitted to the Committee no later than thirty (30) days following notification of the employee of eligibility to participate, and such Deferral Commitment Agreement shall be effective only with regard to Compensation earned or payable following the submission of the Deferral Commitment Agreement to the Committee.

3.2 Form of Deferral; Minimum Deferral

(a) Deferral Commitment. A Participant may elect in the Deferral Commitment Agreement to defer any portion of his Compensation for the calendar year following the calendar year in which the Deferral Commitment Agreement is submitted. The amount to be deferred shall be stated and must not be less than two thousand four hundred dollars (\$2,400) during the Deferral Period.

(b) Participants Entering After January 1. In the event an employee enters

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

this Plan at any time other than January 1 of any calendar year, he or she must defer at least two hundred dollars (\$200) times the number of months remaining in the Deferral Period.

3.3 Limitation on Deferral

A Participant may defer up to one hundred percent (100%) of the Participant's Compensation until December 31, 2004. Thereafter, no future deferrals of compensation shall be permitted under this Plan.

3.4 Modification of Deferral Commitment

Deferral Commitment shall be irrevocable except that the Committee may permit a Participant to reduce the amount to be deferred, or waive the remainder of the Deferral Commitment upon a finding that the Participant has suffered a Financial Hardship.

3.5 Change in Employment Status

If the Board determines that a Participant's employment performance is no longer at a level that deserves reward through participation in this Plan, but does not terminate the Participant's employment with the Employer, no Deferral Commitments may be made by such Participant after the date designated by the Board of TriCo Bancshares.

3.6 Involuntary Termination

If a Participant is terminated for any reason identified in (a) (b) (c) or (d) below, the Participant shall be paid all contributions made to the Plan by the Participant. The Plan Administrator shall retain the sole discretion to determine whether the interest on such contributions will be forfeited.

- (a) Gross negligence or gross neglect
- (b) The commission of a felony, misdemeanor, or any other act involving moral turpitude, fraud, or dishonesty which has a material adverse impact on the Bank.
- (c) The willful and intentional disclosure, without authority, of any secret or confidential information concerning the Bank which has a material adverse impact on the Bank.
- (d) The willful and intentional violation of the rules or regulations of any regulatory agency or government authority having jurisdiction over the Bank, which has a material adverse impact on the Bank

ARTICLE IV--DEFERRED COMPENSATION ACCOUNT

4.1 Accounts

For record keeping purposes only, an Account shall be maintained for each Participant. Separate subaccounts shall be maintained to the extent necessary to properly reflect the Participant's total vested Account balance. The initial Account balance shall be equal to the Account balance as of September 1, 1987, of any prior or preexisting Deferral arrangement. The Committee shall inform the Participant in writing of such arrangement's account balance as of September 1, 1987.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

4.2 Elective Deferred Compensation

A Participant's Elective Deferred Compensation shall be credited to the Participant's Account as the corresponding nondeferred portion of the Compensation becomes or would have become payable. Any withholding of taxes or other amounts with respect to deferred Compensation that is required by state, federal or local law shall be withheld from the Participant's nondeferred Compensation to the maximum extent possible with any excess being withheld from the Participant's Account.

4.3 Employer Discretionary Contributions

Employer may make Discretionary Contributions to Participants' Accounts. Discretionary Contributions shall be credited at such times and in such amounts as the Board in its sole discretion shall determine. The amount of the Discretionary Contributions shall be evidenced in a special Deferral Commitment Agreement approved by the Board.

4.4 Qualified Plan Make-Up Credit

The Employer shall credit to each Participant's Account on the last day of each year the difference between:

- (a) The amount which would have been contributed to the Qualified Plans if no deferrals had been made under this Plan; and
- (b) The amounts actually contributed to the Qualified Plans for such Participant.

4.5 Interest

Beginning September 1, 1987, the Accounts shall be credited monthly with interest earned based on the Bonus Interest Rate specified in Section 2.17 if the Participant is employed by the Bank or the Base Interest Rate specified in Section 2.16 if the Participant is no longer employed by the Bank. Interest earned shall be calculated as of each Determination Date based upon the average daily balance of the Account since the preceding Determination Date and shall be credited to the Participant's Account at that time.

4.6 Determination of Accounts

Each Participant's Account as of each Determination Date shall consist of the balance of the Participant's Account as of the immediately preceding Determination Date, plus the Participant's Elective Deferred Compensation credited, any Employer Discretionary Contributions and Qualified Plan Make-Up Credits and any interest earned, minus the amount of any distributions made since the immediately preceding Determination Date.

4.7 Vesting of Accounts

Each Participant shall be vested in the amounts credited to such Participant's Account and earnings thereon as follows:

- (a) Amounts Deferred. A Participant shall be one hundred percent (100%) vested at all times in the amount of Compensation elected to be deferred under this Plan and Interest thereon, except as provided for in Section 3.7.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

(b) Employer Discretionary Contributions. Employer Discretionary Contributions and Interest thereon shall be vested as set forth in the special Deferral Commitment, except as provided for in Section 3.7.

(c) Qualified Plan Make-Up Credits. Qualified Plan Make-Up Credits and Interest thereon shall be vested to the same extent that amounts received from the underlying qualified plan are vested except as provided for in Section 3.7.

4.8 Disability

If a Participant suffers a Disability during a Deferral Period, the Employer will contribute all scheduled deferrals to the Participant's Account for the remainder of the Deferral Period.

4.9 Statement of Accounts

The Committee shall submit to each Participant, within thirty (30) days after the close of each calendar year and at such other time as determined by the Committee, a statement setting forth the balance to the credit of the Account maintained for a Participant.

ARTICLE V--PLAN BENEFITS

5.1 Plan Benefit

If a Participant terminates employment for any reason other than death, the Employer shall pay a Plan Benefit equal to the Participant's Account, as determined in accordance with Article V.

5.2 Death Benefit

Upon the death of a Participant, the Employer shall pay to the Participant's Beneficiary an amount determined as follows:

(a) If the Participant dies after termination of employment with the Employer, the remaining unpaid balance of the Participant's Account, shall be paid in the same form that payments were being made prior to the Participant's death.

(b) If the Participant dies prior to termination of employment with the Employer, the amount payable shall be the Participant's Account balance.

5.3 Hardship Distributions

Upon a finding that a Participant has suffered a Financial Hardship, the Committee may, in its sole discretion, make distributions from the Participant's Account prior to the time specified for payment of benefits under the Plan. The amount of such distribution shall be limited to the amount reasonably necessary to meet the Participant's requirements during the Financial Hardship.

5.4 Accelerated Distribution

Notwithstanding any other provision of the Plan, at any time after a Change in Control or at any time following termination of Employment, a Participant shall be entitled to receive, upon written request to the Committee, a lump sum distribution equal to ninety percent (90%) of the vested Account balance as of

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

the Determination Date immediately preceding the date on which the Committee receives the written request. The remaining balance shall be forfeited by the Participant. The amount payable under this section shall be paid in a lump sum within sixty-five (65) days following the receipt of the notice by the Committee from the Participant.

5.5 Form of Benefit Payment

All Plan Benefits other than Hardship Withdrawals or Plan Benefits attributable to Deferral Commitments after September 1, 1987, shall be paid in the form of the Basic Benefit provided below, unless the Committee, in its sole discretion, selects an alternative form. Any form requested by the Participant or a Beneficiary shall be considered by the Committee, but shall not be binding. Plan Benefits with respect to Deferral Periods before September 1, 1987, shall be paid in the form selected by the Participant in the Deferral Commitment submitted for such Deferral Periods. The basic and alternative methods of payment are as follows:

(a) A single sum amount which is equal to the Account balance payable.

(b) A period certain annuity calculated based on the balance of the Account and the average Base Interest Rate for the twelve (12) months immediately prior to the Retirement Date of either sixty (60), one hundred twenty (120) or one hundred eighty (180) months duration as specified by the Participant on the Distribution Election.

(c) Any other method which is the Actuarial Equivalent of the Participant's Account balance.

5.6 Withholding; Payroll Taxes

The Employer shall withhold from payments made hereunder any taxes required to be withheld from such payments under federal, state or local law. However, a Beneficiary may elect not to have withholding for federal income tax pursuant to Section 3405(a)(2) of Internal Revenue Code, or any successor provision thereto.

5.7 Commencement of Payments

Payment shall commence on the day selected by the Participant in the Deferral Commitment, at the discretion of the Committee, but not later than sixty (60) days after the end of the month in which the Participant terminates employment with the Employer, or service on the Board. All payments shall be made as of the first day of the month.

5.8 Payment to Guardian

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of his property, the Committee may direct payment of such Plan Benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or person. The Committee may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the Committee from all liability with respect to the benefit.

ARTICLE VI--BENEFICIARY DESIGNATION

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

6.1 Beneficiary Designation

Each Participant shall have the right, at any time, to designate any person or persons as his Beneficiary or Beneficiaries (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of Participant's death prior to complete distribution of the benefits due under the Plan. Each beneficiary designation shall be in written form prescribed by the Committee and will be effective only when filed with the Committee during the Participant's lifetime.

6.2 Amendments

Any Beneficiary designation may be changed by a Participant without the consent of any designated Beneficiary by the filing of a new Beneficiary Designation with the Committee. The filing of a new Beneficiary Designation form will cancel all Beneficiary Designations previously filed. If a Participant's Compensation is community property, any Beneficiary designation shall be valid or effective only as permitted under applicable law.

6.3 No Beneficiary Designation

In the absence of an effective Beneficiary designation, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be the Participant's estate.

6.4 Effect of Payment

The payment to the deemed Beneficiary shall completely discharge Employer's obligations under this Plan.

ARTICLE VII--ADMINISTRATION

7.1 Committee; Duties

This Plan shall be administered by the Committee, which shall consist of not less than three (3) persons appointed by the Chairman of the Board. Any member of the Committee may be removed at any time by the Board. Any member may resign by delivering his written resignation to the Board. Upon the existence of any vacancy, the Board may appoint a successor. The Committee shall have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions including interpretations of this Plan, as may arise in connection with the Plan. A majority of the members of the Committee shall constitute a quorum for the transaction of business. A majority vote of the Committee members constituting a quorum shall control any decision. Members of the Committee may be Participants under this Plan.

7.2 Agents

The Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Employer.

7.3 Binding Effect of Decisions

The decision or action of the Committee in respect of any question arising out of or in connection with the administration, interpretation, and application of the Plan and the rules and regulations promulgated hereunder shall be final

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

and conclusive and binding upon all persons having any interest in the Plan.

7.4 Indemnity of Committee

The Employer shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense, or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

ARTICLE VIII - CLAIMS PROCEDURE

8.1 Claim

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Committee, which shall respond in writing within thirty (30) days.

8.2 Denial of Claim

If the claim or request is denied, the written notice of denial shall state:

(a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based.

(b) A description of any additional material or information required and an explanation of why it is necessary.

(c) An explanation of the Plan's claim review procedure.

8.3 Review of Claim

Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Committee. The claim or request shall be reviewed by the Committee who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

8.4 Final Decision

The decision on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other specified circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE IX--AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment

The Board may at any time amend the Plan in whole or in part, provided, however, that no amendment shall be effective to decrease or restrict the amount accrued to the date of Amendment in any Account or to change the Interest Rate credited to amounts already held in an Account under the Plan. Upon a change in the Interest Rate, thirty (30) days' advance written notice shall be given to

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

each Participant and any deferral after the effective date of the change shall be held in a separate Account which shall be credited with the new Interest Rate.

9.2 Employer's Right to Terminate

The Board may at any time partially or completely terminate the Plan if, in its judgment, the tax, accounting, or other effects of the continuance of the Plan, or potential payments thereunder would not be in the best interests of the Employer.

(a) Partial Termination. The Board may partially terminate the Plan by instructing the Committee not to accept any additional Deferral Commitments. In the event of such a Partial Termination, the Plan shall continue to operate and be effective with regard to Deferral Commitments entered into prior to the effective date of such Partial Termination.

(b) Complete Termination. The Board may completely terminate the Plan by instructing the Committee not to accept any additional Deferral Commitments, and by terminating all ongoing Deferral Commitments. In the event of Complete Termination, the Plan shall cease to operate and the Employer shall pay out to each Participant their Account as if that Participant had terminated service as of the effective date of the Complete Termination. Payments shall be made in equal annual installments over the period listed below, based on the Account balance:

Appropriate Account Balance	Payout Period
-----	-----
Less than \$10,000	1 Year
\$10,000 but less than \$50,000	3 Years
More than \$50,000	5 Years

Interest earned on the unpaid balance in each Participant's Account shall be the interest Rate in effect on the Determination Date immediately preceding the effective date of the Complete Termination.

ARTICLE X--MISCELLANEOUS

10.1 Unfunded Plan

This Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and therefore to be exempt from the provisions of Parts 2, 3, and 4 of Title I of ERISA. Accordingly, the Plan shall terminate and no further benefits shall accrue hereunder in the event it is determined by a court of competent jurisdiction or by an opinion of counsel that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA which is not so exempt. In the event of a termination under this Section 10.1, all ongoing Deferral Commitments shall terminate, no additional Deferral Commitments will be accepted by the Committee, and the amount of each Participant's vested Account balance shall be distributed to such Participant at such time and in such manner as the Committee, in its sole discretion, determines.

10.2 Unsecured General Creditor

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

In the event of Employer's insolvency, Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest or claims in any property or assets of Employer, nor shall they be Beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by Employer. In that event, any and all of Employer's assets and policies shall be, and remain, the general, un-pledged, unrestricted assets of Employer. Employer's obligation under the Plan shall be that of an unfunded and unsecured promise of Employer to pay money in the future.

10.3 Trust Fund

The Employer shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Employer may establish one (1) or more trusts, with such trustees as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trust may be irrevocable, but the assets thereof shall be subject to the claims of the Employer's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Employer shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Employer.

10.4 Nonassignability

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.5 Not a Contract of Employment

The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between the Employer and the Participant, and the Participant (or his Beneficiary) shall have no rights against the Employer except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of the Employer or to interfere with the right of the Employer to discipline or discharge him at any time.

10.6 Protective Provisions

A Participant will cooperate with the Employer by furnishing any and all information requested by the Employer, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Employer may deem necessary and taking such other actions as may be requested by the Employer.

10.7 Terms

Whenever any words are used herein the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used herein in the singular or in the plural, they

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

10.8 Captions

The captions of the articles, sections, and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

10.9 Governing Law

The provisions of this Plan shall be construed, interpreted, and governed in all respects in accordance with applicable federal law and, to the extent not preempted by such federal law, in accordance with the laws of the State of California.

10.10 Validity

In case any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.11 Notice

Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to any member of the Committee or the Secretary of the Employer. Such notice shall be deemed given as of the date of delivery or, if such delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.12 Successors

The provisions of this Plan shall bind and inure to the benefit of the Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of TriCo Bancshares, and successors of any such corporation or other business entity.

This Amendment is made and effective as of January 1, 2005.

TRI COUNTIES BANK and TRICO BANCSHARES

By: /s/ William J. Casey

William Casey, Chairman

By: -----

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Secretary

EXHIBIT 1

Deferral Commitment Agreement
The 1987 Tri Counties Bank Executive Deferred Compensation Plan
(as restated January 1, 2005)

No Deferrals May be Made Under This Plan After 12/31/04

Name (Last, First, Middle Initial)

Social Security Number

I acknowledge that I have been offered an opportunity to participate in the Deferred Compensation Plan (the "Plan"). I will participate in the Plan and irrevocably authorize the Bank to make the appropriate deductions, as indicated on this Agreement from my compensation. Capitalized terms in this Agreement shall have the same meanings as defined in the Tri Counties Bank Executive Deferred Compensation Plan as restated January 1, 2005).

DEFERRAL ELECTION

I elect to participate in the Plan as follows:

Salary I elect to defer (complete one blank only) \$_____ or _____% of my Salary earned in _____ (insert year).

Bonus I elect to defer \$_____ or _____% of my Bonus, earned in _____ (insert year), not to exceed \$-----.

Commissions I elect to defer \$ _____ or _____% of my Commissions, earned in _____ (insert year), not to exceed \$_____.

No Participation I elect to not participate in the _____ (insert year) Plan Year _____.

ACKNOWLEDGED AND ACCEPTED:

Participant Signature Date

Print Name

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Signature of Bank Officer Date

Print Name

EXHIBIT 2

Distribution Election
The 1987 Tri Counties Bank Executive Deferred Compensation Plan
(as restated January 1, 2005)

Pursuant to the Provisions of the Plan (as restated effective January 1, 2005),
I hereby elect to have the balance in my Deferred Compensation Account paid to
me as designated below:

In lump sum on _____ (insert date).

In an annuity payable in sixty (60) equal monthly installments
commencing _____ (insert date) calculated at the time of
distribution based on the average Base Interest Rate in the
twelve months immediately preceding the commencement of payments.

In an annuity payable in one hundred twenty (120) equal monthly
installments commencing _____ (insert date) calculated at
the time of distribution based on the average Base Interest Rate
in the twelve months immediately preceding the commencement of
payments.

In an annuity payable in one hundred eighty (180) equal monthly
installments commencing _____ (insert date) calculated at
the time of distribution based on the average Base Interest Rate
in the twelve months immediately preceding the commencement

Signed: _____ ; Print Name _____

Dated: _____ ,

EXHIBIT 3

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Beneficiary Designation Form
The 1987 Tri Counties Bank Executive Deferred Compensation Plan

I. PRIMARY DESIGNATION
(You may refer to the beneficiary designation information prior to completion of this form.)

A. Person(s) as a Primary Designation:
(Please indicate the percentage for each beneficiary.)

Name Relationship / %
Address:
(Street) (City) (State) (Zip)

Name Relationship / %
Address:
(Street) (City) (State) (Zip)

Name Relationship / %
Address:
(Street) (City) (State) (Zip)

B. Estate as a Primary Designation:
My Primary Beneficiary is The Estate of
as set forth in the last will and testament dated the day of
and any codicils thereto.

C. Trust as a Primary Designation:
Name of the Trust:
Execution Date of the Trust: / /
Name of the Trustee:

Beneficiary(ies) of the Trust (please indicate the percentage for each beneficiary):

Is this an Irrevocable Life Insurance Trust? Yes No
(If yes and this designation is for a Split Dollar agreement, an Assignment of Rights form should be completed.)

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

II. SECONDARY (CONTINGENT) DESIGNATION

A. Person(s) as a Secondary (Contingent) Designation:
(Please indicate the percentage for each beneficiary.)

Name Relationship / %
Address:
(Street) (City) (State) (Zip)

Name Relationship / %
Address:
(Street) (City) (State) (Zip)

Name Relationship / %
Address:
(Street) (City) (State) (Zip)

B. Estate as a Secondary (Contingent) Designation:

My Secondary Beneficiary is The Estate of
as set forth in my last will and testament dated the day of
and any codicils thereto.

C. Trust as a Secondary (Contingent) Designation:

Name of the Trust:
Execution Date of the Trust: / /
Name of the Trustee:

Beneficiary(ies) of the Trust (please indicate the percentage for each beneficiary):

All sums payable under this Agreement by reason of my death shall be paid to the Primary Beneficiary(ies), if he or she survives me, and if no Primary Beneficiary(ies) shall survive me, then to the Secondary (Contingent) Beneficiary(ies). This beneficiary designation is valid until the participant notifies the bank in writing.

Participant Signature

Date

Exhibit 10.10

Tri Counties Bank Deferred Compensation Plan for Directors effective January 1, 2005.

TABLE OF CONTENTS

	PAGE
ARTICLE I--PURPOSE	5
ARTICLE II--DEFINITIONS	5
2.1 Actuarial Equivalent	5
2.2 Account	5
2.3 Beneficiary	5
2.4 Board	5
2.5 Change in Control	5
2.6 Committee	6
2.7 Compensation	6
2.8 Deferral Commitment	6
2.9 Deferral Period	6
2.10 Determination Date	6
2.11 Disability	6
2.12 Distribution Election	7
2.13 Elective Deferred Compensation	7
2.14 Financial Hardship	7
2.15 Base Interest Rate	7
2.16 Bonus Interest Rate	7
2.17 Participant	7
2.18 Plan Benefit	7
ARTICLE III--PARTICIPATION AND DEFERRAL COMMITMENTS	8
3.1 Eligibility and Participation	8
3.2 Form of Deferral; Minimum Deferral	8
3.3 Limitation on Deferral	8
3.4 Modification of Deferral Commitment	8
3.5 Involuntary Removal	8
ARTICLE IV--DEFERRED COMPENSATION ACCOUNT	9
4.1 Accounts	9
4.2 Elective Deferred Compensation	9
4.3 Employer Discretionary Contributions	9
4.4 Interest	9
4.5 Determination of Accounts	9
4.6 Vesting of Accounts	10

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

4.7 Statement of Accounts	10
---------------------------	----

TABLE OF CONTENTS

	PAGE
ARTICLE V--PLAN BENEFITS	10
5.1 Plan Benefit	10
5.2 Death Benefit	10
5.3 Hardship Distributions	11
5.4 Accelerated Distribution	11
5.5 Form of Benefit Payment	11
5.6 Withholding; Payroll Taxes	11
5.7 Commencement of Payments	11
5.8 Payment to Guardian	11
ARTICLE VI--BENEFICIARY DESIGNATION	12
6.1 Beneficiary Designation	12
6.2 Amendments	12
6.3 No Beneficiary Designation	12
6.4 Effect of Payment	12
ARTICLE VII--ADMINISTRATION	12
7.1 Committee; Duties	12
7.2 Agents	12
7.3 Binding Effect of Decisions	13
7.4 Indemnity of Committee	13
ARTICLE VIII--CLAIMS PROCEDURE	13
8.1 Claim	13
8.2 Denial of Claim	13
8.3 Review of Claim	13
8.4 Final Decision	13
ARTICLE IX--AMENDMENT AND TERMINATION OF PLAN	14
9.1 Amendment	14
9.2 Employer's Right to Terminate	14

TABLE OF CONTENTS

	PAGE
ARTICLE X--MISCELLANEOUS	14

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

10.1 Unfunded Plan	14
10.2 Unsecured General Creditor	15
10.3 Trust Fund	15
10.4 Nonassignability	15
10.5 Not a Contract of Employment	15
1.6 Protective Provisions	15
10.7 Terms	16
10.8 Captions	16
10.9 Governing Law	16
10.10 Validity	16
10.11 Notice	16
10.12 Successors	16
EXHIBIT 1: Deferral Commitment Agreement	18
EXHIBIT 2. Distribution Election	19
EXHIBIT 3: Beneficiary Designation Form	20

TRI COUNTIES BANK

DEFERRED COMPENSATION PLAN FOR DIRECTORS

This restatement of the Tri Counties Bank Deferred Compensation Plan for Directors, effective January 1, 2005 applies only to those Participants in the Plan who serve as Directors of TriCo Bancshares or its affiliates or subsidiaries as of this date. Any retired Participant in this Plan will continue to receive benefits pursuant to the terms of the Plan as adopted on April 1, 1992.

ARTICLE I--PURPOSE

The purpose of this Deferred Compensation Plan for Directors (the "Plan") is to provide current tax planning opportunities as well as supplemental funds for retirement or death for directors of TriCo Bancshares ("Bank"). It is intended that the Plan will aid in retaining and attracting directors of exceptional ability by providing them with these benefits. This Plan will be effective as of April 1, 1992.

ARTICLE II--DEFINITIONS

For the purposes of this Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise:

2.1 Actuarial Equivalent

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

"Actuarial Equivalent" means equivalence in value between two (2) or more forms and/or times of payment based on a determination by an actuary chosen by the Bank, using sound actuarial assumptions at the time of such determination.

2.2 Account

"Account" means the Account as maintained by the Employer in accordance with Article IV with respect to any deferral of Compensation pursuant to this Plan. A Participant's Account shall be utilized solely as a device for the determination and measurement of the amounts to be paid to the Participant pursuant to the Plan. A Participant's Account shall not constitute or be treated as a trust fund of any kind.

2.3 Beneficiary

"Beneficiary" means the person, persons or entity entitled under Article VI to receive any Plan benefits payable after a Participant's death.

2.4 Board

"Board" means the Board of Directors of the Employer.

2.5 Change in Control

A "Change in Control" shall occur:

(a) Upon TriCo Bancshares' knowledge that any person (as such term is used in Sections 13(d) and 14(d) (2) of the Securities Exchange Act of 1934, as amended) is or becomes "the beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of TriCo Bancshares' shares representing forty percent (40%) or more of the combined voting power of the then outstanding securities; or

(b) Upon the first purchase of the Common Stock of TriCo Bancshares pursuant to a tender or exchange offer (other than a tender or exchange offer made by TriCo Bancshares); or

(c) Upon the approval by the stockholders of TriCo Bancshares of a merger or con-solidation (other than a merger or consolidation in which TriCo Bancshares is the surviving corporation and which does not result in any reclassification or reorganization of TriCo Bancshares' then outstanding securities), a sale or disposition of all or substantially all of TriCo Bancshares' assets or a plan of liquidation or dissolution of TriCo Bancshares; or

(d) If, during any period of two (2) consecutive years, individuals who at the begin-ning of such period constitute the Board of Directors of TriCo Bancshares cease for any reason to constitute at least a majority thereof, unless the election or nomination for the election by the stockholders of TriCo Bancshares of each new director was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of the period.

2.6 Committee

"Committee" means the Compensation and Benefits Committee of the Board of

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Directors of TriCo Bancshares.

2.7 Compensation

"Compensation" means the retainer, meeting and Committee chairmanship fees paid to Participant by the Employer during the calendar year with respect to duties performed as a member of the Board before reduction for any amounts deferred pursuant to this Plan. Compensation does not include expense reimbursements, any form of noncash compensation or benefits.

2.8 Deferral Commitment

"Deferral Commitment" means an election to defer Compensation made by a Participant pursuant to Article III and for which a separate Deferral Commitment Agreement has been submitted by the Participant to the Committee.

2.9 Deferral Period

"Deferral Period" means the period over which a Participant has elected to defer a portion of his Compensation. Each calendar year shall be a separate Deferral Period, provided that the Deferral Period may be modified pursuant to paragraph 3.4.

2.10 Determination Date

"Determination Date" means the last day of each calendar month.

2.11 Disability

"Disability" means a physical or mental condition which, in the opinion of the Committee, permanently prevents the Director from satisfactorily performing the Director's usual duties for the Bank. The Committee's decision as to Disability will be based upon medical reports and/or other evidence satisfactory to the Committee. In no event shall a Disability be deemed to occur or to continue after a Participant's Normal Retirement Date.

2.12 Distribution Election

The term "Distribution Election" shall mean the form of distribution of the Account selected by the Participant on most recent Distribution Election provided such Distribution Election has been made at least one full calendar year prior to the date of the Participant's first Plan Distribution.

2.13 Elective Deferred Compensation

The amount of Compensation that a Participant elects to defer pursuant to a Deferral Commitment.

2.14 Financial Hardship

"Financial Hardship" means an immediate and heavy financial need of the Participant, determined by the Committee on the basis of information supplied by the Participant in accordance with the standards set forth in the applicable treasury regulations promulgated under Section 401(k) of the Internal Revenue Code, or such other standards as are, from time to time, established by the Committee.

2.15 Base Interest Rate

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

"Base Interest Rate" means, with respect to any calendar month, the monthly equivalent of the annual yield of the Moody's Average Corporate Bond Yield Index for the preceding calendar month as published by Moody's Investor Service, Inc. (or any successor thereto) or, if such index is no longer published, a substantially similar index selected by the Board.

2.16 Bonus Interest Rate

Until December 31, 2008, the term "Bonus Interest Rate" means, with respect to any calendar month, the monthly equivalent of three (3) percentage points greater than the annual yield of the Moody's Average Corporate Bond Yield Index for the preceding calendar month as published by Moody's Investor Service, Inc. (or any successor thereto) or, if such index is no longer published, a substantially similar index selected by the Board. Thereafter, the Bonus Interest Rate applied to the Account balance shall be defined as: the monthly equivalent of one (1) percentage points greater than the annual yield of the Moody's Average Corporate Bond Yield Index for the preceding calendar month as published by Moody's Investor Service, Inc. (or any successor thereto) or, if such index is no longer published, a substantially similar index selected by the Board. The Bonus Interest Rate shall be applied to all deferrals of compensation made under this Plan provided the Participant continues to serve as a Director of the Bank.

2.17 Participant

"Participant" means any individual who is participating or has participated in this Plan as provided in Article III.

2.18 Plan Benefit

"Plan Benefit" means the benefit payable to a Participant as calculated in Article V.

ARTICLE III--PARTICIPATION AND DEFERRAL COMMITMENTS

3.1 Eligibility and Participation

(a) Eligibility. Eligibility to participate in the Plan shall be limited to directors of the Employer.

(b) Participation. A director may elect to participate in the Plan with respect to any Deferral Period by submitting a Deferral Commitment Agreement to the Committee by December 1 of the calendar year immediately preceding the Deferral Period.

(c) Part-Year Participation. In the event that a director first becomes eligible to participate during a Deferral Period, a Deferral Commitment Agreement must be submitted to the Committee no later than thirty (30) days following notification of the director of eligibility to participate, and such Agreement shall be effective only with regard to Compensation earned or payable following the submission of the Agreement to the Committee.

3.2 Form of Deferral; Minimum Deferral

(a) Deferral Commitment. A Participant may elect in the Deferral

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Commitment Agreement to defer any portion of his Compensation for the calendar year following the calendar year in which the Agreement is submitted. The amount to be deferred shall be stated as a percentage and must not be less than two thousand four hundred dollars (\$2,400) during the Deferral Period.

(b) Participants Entering After January 1. In the event a director enters this Plan at any time other than January 1 of any calendar year, he or she must defer at least two hundred dollars (\$200) times the number of months remaining in the Deferral Period.

3.3 Limitation on Deferral

Until December 31, 2004, a Participant may defer up to one hundred percent (100%) of the Participant's Compensation to the Plan. Thereafter, no future deferrals of Compensation can be made to this Plan.

3.4 Modification of Deferral Commitment

Deferral Commitment shall be irrevocable except that the Committee may permit a Participant to reduce the amount to be deferred, or waive the remainder of the Deferral Commitment upon a finding that the Participant has suffered a Financial Hardship.

3.5 Involuntary Removal

If a Participant's service is terminated as a member of the Board of Directors of TriCo Bancshares or an affiliate or subsidiary for any reason identified in (a) (b) (c) or (d) below, the Participant shall be paid all contributions made to the Plan by the Participant. The Plan Administrator shall retain the sole discretion to determine whether the interest on such contributions will be forfeited.

- (a) Gross negligence or gross neglect
- (b) The commission of a felony, misdemeanor, or any other act involving moral turpitude, fraud, or dishonesty which has a material adverse impact on the Bank.
- (c) The willful and intentional disclosure, without authority, of any secret or confidential information concerning the Bank which has a material adverse impact on the Bank.
- (d) The willful and intentional violation of the rules or regulations of any regulatory agency or government authority having jurisdiction over the Bank, which has a material adverse impact on the Bank

ARTICLE IV--DEFERRED COMPENSATION ACCOUNT

4.1 Accounts

For record keeping purposes only, an Account shall be maintained for each Participant. For each Participant the initial Account balance shall be equal to the Account balance, if any, immediately preceding the effective date of this Plan, under the Tri Counties Bank Deferred Compensation Plan for Directors as restated January 1, 2004.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

4.2 Elective Deferred Compensation

A Participant's Elective Deferred Compensation shall be credited to the Participant's Account as the corresponding nondeferred portion of the Compensation becomes or would have become payable. Any withholding of taxes or other amounts with respect to deferred Compensation that is required by state, federal or local law shall be withheld from the Participant's nondeferred Compensation to the maximum extent possible with any excess being withheld from the Participant's Account.

4.3 Employer Discretionary Contributions

Employer may make Discretionary Contributions to Participants' Accounts. Discretionary Contributions shall be credited at such times and in such amounts as the Board in its sole discretion shall determine. The amount of the Discretionary Contributions shall be evidenced in a special Deferral Commitment Agreement approved by the Board.

4.4 Interest

Beginning April 1, 1992, the Accounts shall be credited monthly with interest earned based on the Bonus Interest Rate specified in Section 2.16 if the Participant continues to serve as a Director of the Bank or the Base Interest Rate specified in Section 2.15 if the Participant is no longer a Director of the Bank. Interest earned shall be calculated as of each Determination Date based upon the average daily balance of the Account since the preceding Determination Date and shall be credited to the Participant's Account at that time.

4.5 Determination of Accounts

Each Participant's Account as of each Determination Date shall consist of the balance of the Participant's Account as of the immediately preceding Determination Date, plus the Participant's Elective Deferred Compensation credited and any Employer Discretionary Contributions and any interest earned, minus the amount of any distributions made since the immediately preceding Determination Date.

4.6 Vesting of Accounts

Each Participant shall be vested in the amounts credited to such Participant's Account and earnings thereon as follows:

(a) Amounts Deferred. A Participant shall be one hundred percent (100%) vested at all times in the amount of Compensation elected to be deferred under this Plan and Interest thereon, except as provided for in Section 3.5.

(b) Employer Discretionary Contributions. Employer Discretionary Contributions and Interest thereon shall be vested as set forth in the special Deferral Commitment Agreement, except as provided for in Section 3.5.

4.7 Statement of Accounts

The Committee shall submit to each Participant, within thirty (30) days

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

after the close of each calendar year and at such other time as determined by the Committee, a statement setting forth the balance to the credit of the Account maintained for a Participant.

ARTICLE V--PLAN BENEFITS

5.1 Plan Benefit

If a Participant terminates service on the Board, for any reason other than death, the Employer shall pay a Plan Benefit equal to the Participant's Account, as determined in accordance with Article IV.

5.2 Death Benefit

Upon the death of a Participant, the Employer shall pay to the Participant's Beneficiary an amount determined as follows:

(a) If the Participant dies after termination of service with the Employer, the remaining unpaid balance of the Participant's Account, shall be paid in the same form that payments were being made prior to the Participant's death.

(b) If the Participant dies prior to termination of service with the Employer, the amount payable shall be the Participant's Account balance.

5.3 Hardship Distributions

Upon a finding that a Participant has suffered a Financial Hardship, the Committee may, in its sole discretion, make distributions from the Participant's Account prior to the time specified for payment of benefits under the Plan. The amount of such distribution shall be limited to the amount reasonably necessary to meet the Participant's requirements during the Financial Hardship.

5.4 Accelerated Distribution

Notwithstanding any other provision of the Plan, at any time after a Change in Control or at any time following termination of service on the Board, a Participant shall be entitled to receive, upon written request to the Committee, a lump sum distribution equal to ninety percent (90%) of the vested Account balance as of the Determination Date.

5.5 Form of Benefit Payment

All Plan Benefits other than Hardship or Plan Benefits attributable to Deferral Commitments after April 1, 1992, shall be paid in the form of the Basic Benefit provided below, unless the Committee, in its sole discretion, selects an alternative form. Any form requested by the Participant or a Beneficiary shall be considered by the Committee, but shall not be binding. Plan Benefits with respect to Deferral Periods before April 1, 1992, shall be paid in the form selected by the Participant in the Distribution Election submitted for such Deferral Periods. The basic and alternative methods of payment are as follows:

(a) A single sum amount which is equal to the Account balance payable.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

(b) A period certain annuity calculated based on the balance of the Account and the average Base Interest Rate for the twelve (12) months immediately prior to the Retirement Date of either sixty (60), one hundred twenty (120) or one hundred eighty (180) months duration as specified by the Participant on the Distribution Election.

(c) Any other method which is the Actuarial Equivalent of the Participant's Account balance. The basic and alternative methods of payment are as follows:

5.6 Withholding Payroll Taxes

The Employer shall withhold from payments made hereunder any taxes required to be withheld from such payments under federal, state or local law. However, a Beneficiary may elect not to have withholding for federal income tax pursuant to Section 3405(a)(2) of Internal Revenue Code, or any successor provision thereto.

5.7 Commencement of Payments

Payment shall commence on the day selected by the Participant in the Distribution Election, at the discretion of the Committee, but not later than sixty (60) days after the end of the month in which the Participant terminates employment with the Employer, or service on the Board. All payments shall be made as of the first day of the month.

5.8 Payment to Guardian

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of his property, the Committee may direct payment of such Plan Benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or person. The Committee may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the Committee from all liability with respect to the benefit.

ARTICLE VI--BENEFICIARY DESIGNATION

6.1 Beneficiary Designation

Each Participant shall have the right, at any time, to designate any person or persons as his Beneficiary or Beneficiaries (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of Participant's death prior to complete distribution of the benefits due under the Plan. Each beneficiary designation shall be in written form prescribed by the Committee and will be effective only when filed with the Committee during the Participant's lifetime.

6.2 Amendments

Any Beneficiary designation may be changed by a Participant without the consent of any designated Beneficiary by the filing of a new Beneficiary Designation with the Committee. The filing of a new Beneficiary Designation form will cancel all Beneficiary Designations previously filed. If a Participant's Compensation is community property, any Beneficiary designation shall be valid

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

or effective only as permitted under applicable law.

6.3 No Beneficiary Designation

In the absence of an effective Beneficiary designation, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be the Participant's estate.

6.4 Effect of Payment

The payment to the deemed Beneficiary shall completely discharge Employer's obligations under this Plan.

ARTICLE VII--ADMINISTRATION

7.1 Committee; Duties

This Plan shall be administered by the Committee, which shall consist of not less than three (3) persons appointed by the Chairman of the Board. Any member of the Committee may be removed at any time by the Board. Any member may resign by delivering his written resignation to the Board. Upon the existence of any vacancy, the Board may appoint a successor. The Committee shall have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions including interpretations of this Plan, as may arise in connection with the Plan. A majority of the members of the Committee shall constitute a quorum for the transaction of business. A majority vote of the Committee members constituting a quorum shall control any decision. Members of the Committee may be Participants under this Plan.

7.2 Agents

The Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Employer.

7.3 Binding Effect of Decisions

The decision or action of the Committee in respect of any question arising out of or in connection with the administration, interpretation, and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

7.4 Indemnity of Committee

The Employer shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense, or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

ARTICLE VIII--CLAIMS PROCEDURE

8.1 Claim

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Committee, which shall respond in writing within thirty (30) days.

8.2 Denial of Claim

If the claim or request is denied, the written notice of denial shall state:

(a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based.

(b) A description of any additional material or information required and an explanation of why it is necessary.

(c) An explanation of the Plan's claim review procedure.

8.3 Review of Claim

Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Committee. The claim or request shall be reviewed by the Committee who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

8.4 Final Decision

The decision on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other specified circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE IX--AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment

The Board may at any time amend the Plan in whole or in part, provided, however, that no amendment shall be effective to decrease or restrict the amount accrued to the date of Amendment in any Account or to change the Interest Rate credited to amounts already held in an Account under the Plan. Upon a change in the Interest Rate, thirty (30) days' advance written notice shall be given to each Participant and any deferral after the effective date of the change shall be held in a separate Account which shall be credited with the new Interest Rate.

9.2 Bank's Right to Terminate

The Board may at any time partially or completely terminate the Plan if, in its judgment, the tax, accounting, or other effects of the continuance of the Plan, or potential payments thereunder would not be in the best interests of the Employer.

(a) Partial Termination. The Board may partially terminate the

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Plan by instructing the Committee not to accept any additional Deferral Commitments. In the event of such a Partial Termination, the Plan shall continue to operate and be effective with regard to Deferral Commitments entered into prior to the effective date of such Partial Termination.

(b) Complete Termination. The Board may completely terminate the Plan by instructing the Committee not to accept any additional Deferral Commitments, and by terminating all ongoing Deferral Commitments. In the event of Complete Termination, the Plan shall cease to operate and the Employer shall pay out to each Participant their Account as if that Participant had terminated service as of the effective date of the Complete Termination. Payments shall be made in equal annual installments over the period listed below, based on the Account balance:

Appropriate Account Balance	Payout Period
Less than \$10,000	1 Year
\$10,000 put less than \$50,000	3 Years
More than \$50,000	5 Years

Interest earned on the unpaid balance in each Participant's Account shall be the Interest Rate in effect on the Determination Date immediately preceding the effective date of the Complete Termination.

ARTICLE X--MISCELLANEOUS

10.1 Unfunded Plan

This Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and therefore to be exempt from the provisions of Parts 2, 3, and 4 of Title I of ERISA. Accordingly, the Plan shall terminate and no further benefits shall accrue hereunder in the event it is determined by a court of competent jurisdiction or by an opinion of counsel that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA which is not so exempt. In the event of a termination under this Section 10.1, all ongoing Deferral Commitments shall terminate, no additional Deferral Commitments will be accepted by the Committee, and the amount of each Participant's vested Account balance shall be distributed to such Participant at such time and in such manner as the Committee, in its sole discretion, determines.

10.2 Unsecured General Creditor

In the event of Employer's insolvency, Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest or claims in any property or assets of Employer, nor shall they be Beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by Employer. In that event, any and all of Employer's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of Employer. Employer's obligation under the Plan shall be that of an unfunded and unsecured promise of Employer to pay money in the future.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

10.3 Trust Fund

The Employer shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Employer may establish one (1) or more trusts, with such trustees as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Employer's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Employer shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Employer.

10.4 Nonassignability

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.5 Not a Contract of Employment

The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between the Employer and the Participant, and the Participant (or his Beneficiary) shall have no rights against the Employer except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of the Employer or to interfere with the right of the Employer to discipline or discharge him at any time.

10.6 Protective Provisions

A Participant will cooperate with the Employer by furnishing any and all information requested by the Employer, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Employer may deem necessary and taking such other actions as may be requested by the Employer.

10.7 Terms

Whenever any words are used herein the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

10.8 Captions

The captions of the articles, sections, and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

10.9 Governing Law

The provisions of this Plan shall be construed, interpreted, and governed in all respects in accordance with applicable federal law and, to the extent not preempted by such federal law, in accordance with the laws of the State of California.

10.10 Validity

In case any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.11 Notice

Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient in writing and hand delivered, or sent by registered or certified mail, to any member of the Committee or the Secretary of the Employer. Such notice shall be deemed given as of the date of delivery or, if such delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.12 Successors

The provisions of this Plan shall bind and inure to the benefit of the Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of TriCo Bancshares, and successors of any such corporation or other business entity.

TRICO BANCSHARES

By: _____
Chairman

By: _____
Secretary

Dated: _____

EXHIBIT 1

Deferral Commitment Agreement
The 1992 Tri Counties Bank Deferred Compensation Plan for Directors
(as restated January 1, 2005)

No Deferrals May be Made Under This Plan After 12/31/04

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Name (Last, First, Middle Initial)

Social Security Number

I acknowledge that I have been offered an opportunity to participate in the Deferred Compensation Plan (the "Plan"). I will participate in the Plan and irrevocably authorize the Bank to make the appropriate deductions, as indicated on this Agreement from my compensation. Capitalized terms in this Agreement shall have the same meanings as defined in the Tri Counties Bank Deferred Compensation Plan for Directors as restated January 1, 2005).

DEFERRAL ELECTION

I elect to participate in the Plan as follows:

Fees I elect to defer (complete one blank only) \$_____ or _____% of my _____ (insert year) Fees.

No Participation I elect to not participate in the _____ (insert year) Plan Year _____ (initial).

ACKNOWLEDGED AND ACCEPTED:

Participant Name Print Name

Signature of Participant Date Signature of Bank Officer Date

EXHIBIT 2

Distribution Election
The 1992 Tri Counties Bank Deferred Compensation Plan for Directors
(as restated January 1, 2005)

Pursuant to the Provisions of the Plan (as restated effective January 1, 2005), I hereby elect to have the balance in my Deferred Compensation Account paid to me as designated below:

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

In Lump sum on _____ (insert date).

In an annuity payable in sixty (60) equal monthly installments commencing _____ (insert date) calculated at the time of distribution based on the average Base Interest Rate in the twelve months immediately preceding the commencement of payments.

In an annuity payable in one hundred twenty (120) equal monthly installments commencing _____ (insert date) calculated at the time of distribution based on the average Base Interest Rate in the twelve months immediately preceding the commencement of payments.

In an annuity payable in one hundred eighty (180) equal monthly installments commencing _____ (insert date) calculated at the time of distribution based on the average Base Interest Rate in the twelve months immediately preceding the commencement

Signed: _____ ; Print Name _____

Dated: _____ , _____

Exhibit 3

Beneficiary Designation Form
The 1992 Tri Counties Bank Deferred Compensation Plan For Directors

I. PRIMARY DESIGNATION
(You may refer to the beneficiary designation information prior to completion of this form.)

A. Person(s) as a Primary Designation:
(Please indicate the percentage for each beneficiary.)

Name _____ Relationship _____ / _____ %

Address: _____
(Street) (City) (State) (Zip)

Name _____ Relationship _____ / _____ %

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

(Street) (City) (State) (Zip)

Name Relationship / %

Address:

(Street) (City) (State) (Zip)

B. Estate as a Secondary (Contingent) Designation:

My Secondary Beneficiary is The Estate of -----
as set forth in my last will and testament dated the ----- day of -----
, and any codicils thereto.

C. Trust as a Secondary (Contingent) Designation:

Name of the Trust: -----
Execution Date of the Trust: / /

Name of the Trustee: -----

Beneficiary(ies) of the Trust (please indicate the percentage for each beneficiary):

All sums payable under this Agreement by reason of my death shall be paid to the Primary Beneficiary(ies), if he or she survives me, and if no Primary Beneficiary(ies) shall survive me, then to the Secondary (Contingent) Beneficiary(ies). This beneficiary designation is valid until the participant notifies the bank in writing.

Participant Date

Exhibit 10.11

The 2005 Tri Counties Bank Deferred Compensation Plan for Executives and Directors Effective January 1, 2005

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

TABLE OF CONTENTS

	PAGE
ARTICLE I--PURPOSE	5
ARTICLE II--DEFINITIONS	5
2.1 Participant	5
2.2 Plan Benefit	5
2.3 Board	5
2.4 Committee	6
2.5 Compensation	6
2.6 Elective Deferred Compensation	6
2.7 Deferral Election	6
2.8 Deferral Period	6
2.9 Account	6
2.10 Distribution Election	7
2.11 Actuarial Equivalent	7
2.12 Determination Date	7
2.13 Interest Rate	7
2.14 Bonus Interest Rate	7
2.15 Change in Control	7
2.16 Disability	8
2.17 Termination or Removal For Cause	8
2.18 Unforeseeable Emergency	9
2.19 Lifetime Deferral Limit	9
2.20 Beneficiary	9
ARTICLE III--PARTICIPATION AND DEFERRAL COMMITMENTS	9
3.1 Eligibility and Participation	9
3.2 Form of Deferral and Minimum Deferral	9
ARTICLE IV--DEFERRED COMPENSATION ACCOUNT	10
4.1 Accounts	10
4.2 Elective Deferred Compensation	10
4.3 Employer Discretionary Contributions	10
4.4 Interest	10
4.5 Determination of Accounts	10
4.6 Vesting of Accounts	11
4.7 Statement of Accounts	11
TABLE OF CONTENTS CONTINUED	
	PAGE
ARTICLE V--PLAN BENEFITS	11
5.1 Plan Benefit	11
5.2 Death Benefit	11
5.3 Unforeseeable Emergency Distribution	12
5.4 Distribution Following a Separation From Service	12
5.5 Distribution Upon a Change in Control	12
5.6 Form of Benefit Payment and Subsequent Modifications Thereto	12

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

5.7 Withholding Payroll Taxes	13
5.8 Commencement of Payments	13
5.9 Payment to Guardian	13
 ARTICLE VI--BENEFICIARY DESIGNATION	 13
6.1 BeneficiaryDesignation	13
6.2 Amendments	13
6.3 No Beneficiary Designation	14
6.4 Effect of Payment	14
 ARTICLE VII--ADMINISTRATION	 14
7.1 Committee and Duties	14
7.2 Agents	14
7.3 Binding Effect of Decisions	14
7.4 Indemnity of Committee	15
 ARTICLE VIII--CLAIMS PROCEDURE	 15
8.1 Claim	15
8.2 Denial of Claim	15
8.3 Review of Claim	15
8.4 Final Decision	15
 ARTICLE IX--AMENDMENT AND TERMINATION OF PLAN	 15
9.1 Amendment	15
9.2 Bank's Right to Terminate	16

TABLE OF CONTENTS CONTINUED

	PAGE
 ARTICLE X--MISCELLANEOUS	 16
10.1 Unfunded Plan	16
10.2 Unsecured General Creditor	17
10.3 Trust Fund	17
10.4 Nonassignability	17
10.5 Not a Contract of Employment	17
10.6 Protective Provisions	17
10.7 Terms	18
10.8 Captions	18
10.9 Governing Law	18
10.10 Validity	18
10.11 Notice	18
10.12 Successors	18
 SIGNATURE PAGE	 19
 EXHIBIT 1: Deferral Election Form	 20
EXHIBIT 2. Distribution Election	21
EXHIBIT 3: Beneficiary Designation Form	22

THE 2005 TRI COUNTIES BANK

DEFERRED COMPENSATION PLAN FOR EXECUTIVES AND DIRECTORS

This Tri Counties Bank Deferred Compensation Plan for Executives and Directors is effective January 1, 2005 and applies only to those Participants in the Plan who serve as certain key Executives of TriCo Bancshares, Tri Counties Bank, and subsidiaries or affiliates thereof (hereinafter, these entities shall be referred to as the "Bank" or the "Employer") who are employed by TriCo on, or after January 1, 2005, and those Directors of TriCo Bancshares or its affiliates or subsidiaries as of this date. It is intended that the Plan will aid in retaining and attracting individuals of exceptional ability by providing them with these benefits.

ARTICLE I--PURPOSE

The purpose of this Deferred Compensation Plan for Executives and Directors (the "Plan") is to provide current tax planning opportunities, as well as supplemental funds for retirement or death, for Executives and Directors of TriCo Bancshares. It is also intended that the Plan will aid in retaining and attracting Executives and Directors of exceptional ability by providing them with these benefits. This Plan will be effective as of January 1, 2005.

ARTICLE II--DEFINITIONS

For the purposes of this Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise:

2.1 Participant

The term "participant" shall mean those certain key employees or Directors of TriCo who are participating in this Plan as provided in Article III.

2.2 Plan Benefit

"Plan Benefit" means the benefit payable to a Participant as calculated pursuant to Articles IV through V.

2.3 Board

"Board" means the Board of Directors of the Employer.

2.4 Committee

"Committee" means the Compensation and Benefits Committee of the Board of Directors of TriCo Bancshares.

2.5 Compensation

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

As it applies to an Executive, the term "Compensation" shall refer to the salary, bonuses or commissions paid to the Executive during his employment with Employer during a given Deferral Period. As it applies to a Director, "Compensation" shall mean the retainer, meeting and Committee chairmanship fees paid to a Director by the Employer during the calendar year with respect to duties performed as a member of the Board, before reduction for any amounts deferred pursuant to this Plan. Compensation does not include expense reimbursements, any form of non-cash compensation or benefits.

2.6 Elective Deferred Compensation

The term "Elective Deferred Compensation" shall mean the amount of Compensation that a Participant elects to defer pursuant to a Deferral Election Form (See Exhibit A).

2.7 Deferral Election

"Deferral Election" means an election to defer Compensation made by a Participant pursuant to Article III and for which a separate Deferral Election Form has been submitted by the Participant to the Committee. A Deferral Election Form has been attached hereto as Exhibit A.

2.8 Deferral Period

"Deferral Period" means the period over which a Participant has elected to defer a portion of his Compensation. Each calendar year shall be a separate Deferral Period, however, the prior Deferral Election Form shall remain effective in the event that Participant fails to file a timely or subsequent Deferral Election Form.

2.9 Account

"Account" means the Account as maintained by the Bank in accordance with Article IV with respect to any deferral of Compensation pursuant to this Plan. A Participant's Account shall be utilized solely as a device for the determination and measurement of the amounts to be paid to the Participant pursuant to the Plan. A Participant's Account shall not constitute or be treated as a trust fund of any kind.

2.10 Distribution Election

The term "Distribution Election" shall mean the form of distribution of the Account selected by the Participant on the most recent valid Distribution Election Form (See Exhibit B attached hereto).

2.11 Actuarial Equivalent

"Actuarial Equivalent" means equivalence in value between two (2) or more forms and/or times of payment based on a determination by an actuary chosen by the Bank, using sound actuarial assumptions at the time of such determination.

2.12 Determination Date

"Determination Date" means the last day of each calendar month.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

2.13 Interest Rate

"Interest Rate" means, with respect to any calendar month, the monthly equivalent of the annual yield of the Moody's Average Corporate Bond Yield Index for the preceding calendar month as published by Moody's Investor Service, Inc. (or any successor thereto) or, if such index is no longer published, a substantially similar index selected by the Board.

2.14 Bonus Interest Rate

"Bonus Interest Rate" means, with respect to any calendar month, the monthly equivalent of three (3) percentage points greater than the annual yield of the Moody's Average Corporate Bond Yield Index for the preceding calendar month as published by Moody's Investor Service, Inc. (or any successor thereto) or, if such index is no longer published, a substantially similar index selected by the Board. The Bonus Interest Rate shall be applied to all deferrals of compensation provided the Participant remains a Director or Executive of the Company until December 31, 2008. Thereafter, the Bonus Interest Rate applied to all subsequent deferrals and the Account balance shall be defined as: the monthly equivalent of one (1) percentage points greater than the annual yield of the Moody's Average Corporate Bond Yield Index for the preceding calendar month as published by Moody's Investor Service, Inc. (or any successor thereto) or, if such index is no longer published, a substantially similar index selected by the Board.

2.15 Change in Control

A "Change in Control" shall be defined as follows:

(a) The acquisition of more than fifty percent (50%) of the value or voting power of the Employer's stock by a person or group;

(b) The acquisition in a period of twelve (12) months or less of at least thirty-five percent (35%) of the Employer's stock by a person or group;

(c) The replacement of a majority of the Employer's board in a period of twelve (12) months or less by Directors who were not endorsed by a majority of the current board members; or

(d) The acquisition in a period of twelve (12) months or less of forty percent (40%) or more of the Employer's assets by an unrelated entity.

For the purpose of this Agreement, transfers made on account of deaths or gifts, transfers between family members or transfers to a qualified retirement plan maintained by the Employer shall not be considered in determining whether there has been a Change in Control.

2.16 Disability

For the purpose of this Plan, the Participant will be considered disabled if:

A. He is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or

- B. He 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 twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of Participant's employer.

In no event shall a Disability be deemed to occur or to continue after a Participant's Normal Retirement Date, if applicable.

2.17 Termination or Removal For Cause

A Termination of an Executive's employment or a Removal of a Director shall be "For Cause" if for any of the following reasons:

- (a) Gross negligence or gross neglect;
- (b) The commission of a felony, misdemeanor, or any other act involving moral turpitude, fraud, or dishonesty which has a material adverse impact on the Bank;
- (c) The willful and intentional disclosure, without authority, of any secret or confidential information concerning the Bank that has a material adverse impact on the Bank; or
- (d) The willful and intentional violation of the rules or regulations of any regulatory agency or government authority having jurisdiction over the Bank, which has a material adverse impact on the Bank.

2.18 Unforeseeable Emergency

For the purposes of this Plan, an "Unforeseeable Emergency" shall mean a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent (as defined in IRC 152(a)) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

2.19 Lifetime Deferral Limit

Total deferred compensation is subject to a lifetime limit of one million five hundred thousand dollars (\$1,500,000.00) and includes all deferred compensation under this Plan or any prior Tri Counties Bank deferred compensation plan.

2.20 Beneficiary

"Beneficiary" means the person, persons or entity entitled under Article VI to receive any Plan benefits payable after a Participant's death.

ARTICLE III--PARTICIPATION AND DEFERRAL COMMITMENTS

3.1 Eligibility and Participation

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

(a) Eligibility. Eligibility to participate in the Plan shall be limited to key Executives and Directors of the Employer.

(b) Participation. A Participant may elect to participate in the Plan with respect to any Deferral Period by submitting a Deferral Commitment Agreement to the Committee by December 1 of the calendar year immediately preceding the Deferral Period.

(c) Part-Year Participation. In the case of the first year in which a Participant becomes eligible to participate in the Plan, a Deferral Election Form must be submitted to the Committee within thirty (30) days after the Participant becomes eligible to participate in such Plan. In addition, such Deferral Election Form shall be effective only with regard to Compensation earned or payable following the submission of the Deferral Election Form to the Committee.

3.2 Form of Deferral and Minimum Deferral

(a) Deferral Election. A Participant may elect in the Deferral Election Form to defer any portion of his Compensation for the calendar year following the calendar year in which the Agreement is submitted. The amount to be deferred shall be stated as a percentage of Compensation and must not be less than two thousand four hundred dollars (\$2,400) during the Deferral Period.

(b) Deferrals in the Event of Part-Year Participation. In the case of the first year in which a Participant becomes eligible to participate in the Plan (see paragraph 3.1(c)) he must defer at least two hundred dollars (\$200) per month for each of the months remaining in the Deferral Period (\$200 x number of months remaining).

ARTICLE IV--DEFERRED COMPENSATION ACCOUNT

4.1 Accounts

For record keeping purposes only, an Account shall be maintained for each Participant.

4.2 Elective Deferred Compensation

A Participant's Elective Deferred Compensation shall be credited to the Participant's Account as the corresponding non-deferred portion of the Compensation becomes or would have become payable. Any withholding of taxes or other amounts with respect to deferred Compensation that is required by state, federal or local law shall be withheld from the Participant's non-deferred Compensation to the maximum extent possible with any excess being withheld from the Participant's Account.

4.3 Employer Discretionary Contributions

Employer may make Discretionary Contributions to Participants' Accounts. Discretionary Contributions shall be credited at such times and in such amounts as the Board in its sole discretion shall determine. The amount of the Discretionary Contributions shall be evidenced in a special Deferral Commitment Agreement approved by the Board.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

4.4 Interest

Beginning January 1, 2005, the Accounts shall be credited monthly with bonus interest earned based on the Bonus Interest Rate specified in Section 2.14. Interest earned shall be calculated as of each Determination Date based upon the average daily balance of the Account since the preceding Determination Date and shall be credited to the Participant's Account at that time. Bonus Interest shall be credited to the Account until the Participant's Retirement.

4.5 Determination of Accounts

Each Participant's Account as of each Determination Date shall consist of the balance of the Participant's Account as of the immediately preceding Determination Date, plus the Participant's Elective Deferred Compensation credited and any Employer Discretionary Contributions and any interest earned, minus the amount of any distributions made since the immediately preceding Determination Date.

4.6 Vesting of Accounts

Each Participant shall be vested in the amounts credited to such Participant's Account and earnings thereon as follows:

(a) Amounts Deferred. A Participant shall be one hundred percent (100%) vested at all times in the amount of Compensation elected to be deferred under this Plan and Interest thereon, except as provided for in Section 5.6.

(b) Employer Discretionary Contributions. Employer Discretionary Contributions and Interest thereon shall be vested as set forth in the special Deferral Commitment Agreement, except as provided for in Section 5.6.

4.7 Statement of Accounts

The Bank shall submit to each Participant, within thirty (30) days after the close of each calendar year and at such other time as determined by the Bank, a statement setting forth the balance to the credit of the Account maintained for a Participant.

ARTICLE V--PLAN BENEFITS

5.1 Plan Benefit

If a Participant terminates service as an Executive or on the Board, for any reason other than death, the Employer shall pay a Plan Benefit equal to the Participant's Account, as determined in accordance with Article IV.

5.2 Death Benefit

Upon receiving notice of the death of a Participant, the Employer shall pay to the Participant's Beneficiary(ies) an amount determined as follows:

(a) If the Participant dies after Deferral Payments have begun pursuant to the terms of this Plan, then the remaining unpaid balance of the Participant's Account, shall be paid in the same form as payments were being made prior to the Participant's death.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

- (b) If the Participant dies while serving as an Executive or Director of the Employer, or before Deferral Payments have begun pursuant to the terms of this Plan, then the amount payable shall be the Participant's Account balance as of the Determination Date immediately preceding the death of the Participant. Payment of the Account Balance shall be made within sixty (60) days of the Bank receiving notice of the death.

Any notice required under this provision shall be in writing and shall include an original death certificate.

5.3 Unforeseeable Emergency Distributions

Upon a finding that a Participant has suffered an Unforeseeable Emergency, the Committee may, in its sole discretion, make distributions from the Participant's Account prior to the time specified for payment of benefits under the Plan. Any distribution made pursuant to this provision must be made in accordance with the regulations of the Secretary, and must not exceed amounts necessary satisfy such emergency plus the amounts necessary to pay taxes reasonably anticipated as a result of the distribution, taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

5.4 Distribution Following a Separation From Service

Following a Participant's "separation from service" (as determined by the Secretary), a Participant shall be entitled to receive a lump sum distribution of the Participant's Account as of the Determination Date immediately preceding the effective date of the "separation from service", and shall be made within sixty (60) days following such separation. In the event of a Termination for Cause, the Plan Administrator shall retain the sole discretion to determine whether the interest on such contributions will be forfeited.

Because of the recent implementation of IRC 409A and future rulings regarding deferred compensation in general, as well as clarification regarding the definition of "separation from service", it may become necessary to modify this agreement as it relates to this provision. It is nonetheless the intent of the parties to comply with IRC 409A. Based on the forgoing, "separation from service" shall be broadly interpreted and shall include both Voluntary and Involuntary Terminations.

In the event, however, that the Participant is a Key Employee, as defined by the Internal Revenue Service, and the Employer is publicly traded at the time of "separation from service" (as defined by IRC 409A), any such benefit payment described hereinafter shall be withheld for six (6) months following such separation from service in order to comply with IRC 409A.

5.5.1 Distribution Upon a Change in Control

Upon a Change in Control, a Participant's Plan Benefit shall be paid pursuant to the effective Distribution Election Form.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

5.6 Form of Benefit Payment and Subsequent Modifications Thereto

Other than for those circumstances specifically addressed and which provide to the contrary, all Plan Benefits shall be paid in accordance with the most recent valid

Distribution Election Form submitted by the Participant. A Participant may modify the form of Benefit Payment, however any such modification (i) may not take effect until at least twelve (12) months after the date on which the election is made, and (ii) the first payment to which such election is made must be deferred for a period of at least five (5) years from the date the payment would otherwise have been made.

5.7 Withholding Payroll Taxes

The Employer shall withhold from payments made hereunder any taxes required to be withheld from such payments under federal, state or local law. However, a Beneficiary(ies) may elect not to have withholding for federal income tax pursuant to Section 3405(a)(2) of Internal Revenue Code, or any successor provision thereto.

5.8 Commencement of Payments

Payment shall commence on the day selected by the Participant in the Distribution Election Form, but not later than sixty (60) days after the end of the month in which the Participant terminates Employment with the Employer, or service on the Board. All payments shall be made as of the first day of the month.

5.9 Payment to Guardian

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of his property, the Committee may direct payment of such Plan Benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or person. The Committee may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the Committee from all liability with respect to the benefit.

ARTICLE VI--BENEFICIARY DESIGNATION

6.1 Beneficiary Designation

Each Participant shall have the right, at any time, to designate any person or persons as his Beneficiary or Beneficiaries (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of Participant's death prior to complete distribution of the benefits due under the Plan. Each beneficiary designation shall be in written form prescribed by the Committee and will be effective only when filed with the Committee during the Participant's lifetime.

6.2 Amendments

Any Beneficiary designation may be changed by a Participant without the consent of any designated Beneficiary by the filing of a new Beneficiary Designation with the Committee. The filing of a new Beneficiary Designation form will cancel all Beneficiary Designations previously filed. If a Participant's Compensation is community property, any Beneficiary designation shall be valid

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

or effective only as permitted under applicable law.

6.3 No Beneficiary Designation

In the absence of an effective Beneficiary designation, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be the Participant's estate.

6.4 Effect of Payment

The payment to the deemed Beneficiary shall completely discharge Employer's obligations under this Plan.

ARTICLE VII--ADMINISTRATION

7.1 Committee and Duties

This Plan shall be administered by the Committee, which shall consist of not less than three (3) persons appointed by the Chairman of the Board. Any member of the Committee may be removed at any time by the Board. Any member may resign by delivering his written resignation to the Board. Upon the existence of any vacancy, the Board may appoint a successor. The Committee shall have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions including interpretations of this Plan, as may arise in connection with the Plan. A majority of the members of the Committee shall constitute a quorum for the transaction of business. A majority vote of the Committee members constituting a quorum shall control any decision. Members of the Committee may be Participants under this Plan.

7.2 Agents

The Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Employer.

7.3 Binding Effect of Decisions

The decision or action of the Committee in respect of any question arising out of or in connection with the administration, interpretation, and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

7.4 Indemnity of Committee

The Employer shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense, or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

ARTICLE VIII--CLAIMS PROCEDURE

8.1 Claim

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Committee, which shall respond in writing within thirty (30) days.

8.2 Denial of Claim

If the claim or request is denied, the written notice of denial shall state:

(a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based.

(b) A description of any additional material or information required and an explanation of why it is necessary.

(c) An explanation of the Plan's claim review procedure.

8.3 Review of Claim

Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Committee. The claim or request shall be reviewed by the Committee who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

8.4 Final Decision

The decision on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other specified circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE IX--AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment

The Board may at any time amend the Plan in whole or in part, provided, however, that no amendment shall be effective to decrease or restrict the amount accrued to the date of Amendment in any Account or to change the Interest Rate credited to amounts already held in an Account under the Plan. Upon a change in the Interest Rate, thirty (30) days' advance written notice shall be given to each Participant and any deferral after the effective date of the change shall be held in a separate Account which shall be credited with the new Interest Rate.

9.2 Bank's Right to Terminate

The Board may at any time partially or completely terminate the Plan if, in its judgment, the tax, accounting, or other effects of the continuance of the Plan, or potential payments thereunder would not be in the best interests of the Employer.

(a) Partial Termination. The Board may partially terminate the

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Plan by instructing the Committee not to accept any additional Deferrals. In the event of such a Partial Termination, the Plan shall continue to operate and be effective with regard to Deferral Elections entered into prior to the effective date of such Partial Termination.

(b) Complete Termination. The Board may completely terminate the Plan by instructing the Committee not to accept any additional Deferral Elections, and by terminating all ongoing Deferral Elections. In the event of Complete Termination, the Plan shall cease to operate and the Employer shall pay out to each Participant their Account as if that Participant had terminated service as of the effective date of the Complete Termination. Payments shall be made in equal annual installments over the period listed below, based on the Account balance:

Appropriate Account Balance	Payout Period
Less than \$10,000	1 Year
\$10,000 put less than \$50,000	3 Years
More than \$50,000	5 Years

Interest earned on the unpaid balance in each Participant's Account shall be the Interest Rate in effect on the Determination Date immediately preceding the effective date of the Complete Termination.

ARTICLE X--MISCELLANEOUS

10.1 Unfunded Plan

This Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and therefore to be exempt from the provisions of Parts 2, 3, and 4 of Title I of ERISA. Accordingly, the Plan shall terminate and no further benefits shall accrue hereunder in the event it is determined by a court of competent jurisdiction or by an opinion of counsel that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA which is not so exempt. In the event of a termination under this Section 10.1, all ongoing Deferral Commitments shall terminate, no additional Deferral Commitments will be accepted by the Committee, and the amount of each Participant's vested Account balance shall be distributed to such Participant at such time and in such manner as the Committee, in its sole discretion, determines.

10.2 Unsecured General Creditor

In the event of Employer's insolvency, Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest or claims in any property or assets of Employer, nor shall they be Beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by Employer. In that event, any and all of Employer's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of Employer. Employer's obligation under the Plan shall be that of an unfunded and unsecured promise of Employer to pay money in the future.

10.3 Trust Fund

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

The Employer shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Employer may establish one (1) or more trusts, with such trustees as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts maybe irrevocable, but the assets thereof shall be subject to the claims of the Employer's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Employer shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Employer.

10.4 Nonassignability

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.5 Not a Contract of Employment

The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between the Employer and the Participant, and the Participant (or his Beneficiary) shall have no rights against the Employer except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of the Employer or to interfere with the right of the Employer to discipline or discharge him at any time.

10.6 Protective Provisions

A Participant will cooperate with the Employer by furnishing any and all information requested by the Employer, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Employer may deem necessary and taking such other actions as may be requested by the Employer.

10.7 Terms

Whenever any words are used herein the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

10.8 Captions

The captions of the articles, sections, and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

10.9 Governing Law

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

The provisions of this Plan shall be construed, interpreted, and governed in all respects in accordance with applicable federal law and, to the extent not preempted by such federal law, in accordance with the laws of the State of California.

10.10 Validity

In case any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.11 Notice

Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient in writing and hand delivered, or sent by registered or certified mail, to any member of the Committee or the Secretary of the Employer. Such notice shall be deemed given as of the date of delivery or, if such delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.12 Successors

The provisions of this Plan shall bind and inure to the benefit of the Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of TriCo Bancshares, and successors of any such corporation or other business entity.

SIGNATURE PAGE

The 2005 Tri Counties Bank Deferred Compensation Plan
for Executives and Directors

TRICO BANCSHARES

By: _____
Chairman

By: _____
Secretary

Dated: _____

EXHIBIT 1

Deferral Election Form
The 2005 Tri Counties Bank Deferred Compensation Plan for Executives and
Directors

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

(Effective as of January 1, 2005)

Name (Last, First, Middle Initial)

Social Security Number

I acknowledge that I have been offered an opportunity to participate in the Deferred Compensation Plan (the "Plan"). I will participate in the Plan and irrevocably authorize the Bank to make the appropriate deductions, as indicated on this Agreement from my compensation. Capitalized terms in this Agreement shall have the same meanings as defined in The 2005 Tri Counties Bank Deferred Compensation Plan For Executives and Directors, effective as of January 1, 2005).

DEFERRAL ELECTION

I elect to participate in the Plan as follows:

Fees I elect to defer (complete one blank only) \$_____ or _____% of my _____ (insert year) Fees.

No Participation I elect to not participate in the _____ (insert year) Plan Year _____ (initial).

ACKNOWLEDGED AND ACCEPTED:

Participant Name

Print Name

Signature of Participant

Date

Signature of Bank Officer

Date

EXHIBIT 2

Distribution Election

The 2005 Tri Counties Bank Deferred Compensation Plan For Executives and Directors

(effective as of January 1, 2005)

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Pursuant to the Provisions of The 2005 Tri Counties Bank Deferred Compensation Plan for Executives and Directors, I hereby elect to have the balance in my Deferred Compensation Account (brokerage account) paid to me as designated below:

In addition, I understand the significance of, and want to comply with, all applicable Internal Revenue Code Sections, including, but not limited to, IRC 409A. Thus, for any benefits payable pursuant to this Plan, if I am a Key Employee, as defined by the Internal Revenue Service, and the Employer is publicly traded at the time of "separation from service" (as defined by IRC 409A), any such benefit payment to be made pursuant to this Plan shall be withheld for six (6) months following such separation from service, in order to comply with IRC 409A.

In Lump sum on _____ (insert date).

In an annuity payable in sixty (60) equal monthly installments commencing _____ (insert date) calculated at the time of distribution based on the average Interest Rate in the twelve months immediately preceding the commencement of payments.

In an annuity payable in one hundred twenty (120) equal monthly installments commencing _____ (insert date) calculated at the time of distribution based on the average Interest Rate in the twelve months immediately preceding the commencement of payments.

In an annuity payable in one hundred eighty (180) equal monthly installments commencing _____ (insert date) calculated at the time of distribution based on the average Interest Rate in the twelve months immediately preceding the commencement of payments.

Signed: _____ ; Print Name _____

Dated: _____ , _____

EXHIBIT 3

Beneficiary Designation Form
The 2005 Tri Counties Bank Deferred Compensation Plan for Executives and Directors
(Effective as of January 1, 2005)

I. PRIMARY DESIGNATION
(You may refer to the beneficiary designation information prior to

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

completion of this form.)

A. Person(s) as a Primary Designation:
(Please indicate the percentage for each beneficiary.)

Name Relationship / %
Address:
(Street) (City) (State) (Zip)

Name Relationship / %
Address:
(Street) (City) (State) (Zip)

Name Relationship / %
Address:
(Street) (City) (State) (Zip)

B. Estate as a Primary Designation:

My Primary Beneficiary is The Estate of
as set forth in the last will and testament dated the
day of
and any codicils thereto.

C. Trust as a Primary Designation:

Name of the Trust:

Execution Date of the Trust: / /

Name of the Trustee:

Beneficiary(ies) of the Trust (please indicate the percentage for each beneficiary):

Is this an Irrevocable Life Insurance Trust? Yes No

(If yes and this designation is for a Split Dollar agreement, an Assignment of Rights form should be completed.)

II. SECONDARY (CONTINGENT) DESIGNATION

A. Person(s) as a Secondary (Contingent) Designation:
(Please indicate the percentage for each beneficiary.)

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Name _____ Relationship _____ / _____ %
 Address: _____

 (Street) (City) (State) (Zip)

Name _____ Relationship _____ / _____ %
 Address: _____

 (Street) (City) (State) (Zip)

Name _____ Relationship _____ / _____ %
 Address: _____

 (Street) (City) (State) (Zip)

B. Estate as a Secondary (Contingent) Designation:

My Secondary Beneficiary is The Estate of _____
 as set forth in my last will and testament dated the _____ day of
 _____, _____ and any codicils thereto.

C. Trust as a Secondary (Contingent) Designation:

Name of the Trust: _____

Execution Date of the Trust: _____ / _____ / _____

Name of the Trustee: _____

Beneficiary(ies) of the Trust (please indicate the percentage for each beneficiary):

All sums payable under this Agreement by reason of my death shall be paid to the Primary Beneficiary(ies), if he or she survives me, and if no Primary Beneficiary(ies) shall survive me, then to the Secondary (Contingent) Beneficiary(ies). This beneficiary designation is valid until the participant notifies the bank in writing.

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

Participant

Date

Exhibit 31.1

Rule 13a-14/15d-14 Certification of CEO

I, Richard P. Smith, certify that;

1. I have reviewed this quarterly report on Form 10-Q of TriCo Bancshares;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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-14 and 15d-14) and internal control over financial reporting (as defined in Exchange Act Rules 13-d-15(f) and 15d-15(f)) for the registrant and we 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 subsidiary, is made known to us by others within those entities, particularly during the period in which this quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
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;
 - 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 data;

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

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: October 25, 2005

/s/ Richard P. Smith

Richard P. Smith
President and Chief Executive Officer

Exhibit 31.2

Rule 13a-14/15d-14 Certification of CFO

I, Thomas J. Reddish, certify that;

1. I have reviewed this quarterly report on Form 10-Q of TriCo Bancshares;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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-14 and 15d-14) and internal control over financial reporting (as defined in Exchange Act Rules 13-d-15(f) and 15d-15(f)) for the registrant and we 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 subsidiary, is made known to us by others within those entities, particularly during the period in which this quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

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;
- 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 data; 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: October 25, 2005

/s/ Thomas J. Reddish

Thomas J. Reddish
Executive Vice President and Chief
Financial Officer

Exhibit 32.1

Section 1350 Certification of CEO

In connection with the Quarterly Report of TriCo Bancshares (the "Company") on Form 10-Q for the period ended September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard P. Smith, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard P. Smith

Richard P. Smith
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to TriCo Bancshares and will be retained by TriCo Bancshares and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Section 1350 Certification of CFO

In connection with the Quarterly Report of TriCo Bancshares (the "Company") on Form 10-Q for the period ended September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas J. Reddish, Vice President and Chief Financial Officer of the Company, certify, pursuant to

Edgar Filing: TRICO BANCSHARES / - Form 10-Q

18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas J. Reddish

Thomas J. Reddish
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to TriCo Bancshares and will be retained by TriCo Bancshares and furnished to the Securities and Exchange Commission or its staff upon request.