



CECIL BANCORP, INC.

127 North Street
Elkton, Maryland 21921-5547

June 5, 2015

Dear Fellow Shareholder:

We cordially invite you to attend our 2015 Annual Meeting of Shareholders to be held at the offices of Venable LLP, 750 East Pratt Street, Suite 900, Baltimore, Maryland, on Wednesday, July 15, 2015 at 9:00 a.m., Eastern Time.

This year, we are again pleased to furnish our proxy materials over the Internet. As a result, we are mailing shareholders of record and entitled to vote a Notice of Internet Availability instead of a paper copy of this proxy statement. The notice contains instructions on how to access that document over the Internet. The notice also contains instructions on how shareholders can receive a paper copy of our proxy materials, including this proxy statement, and a proxy card.


The Annual Meeting has been called for the following purposes:

- Election of the two directors identified in the enclosed proxy statement;
- Approval of an amendment to the Articles of Incorporation to increase the number of authorized shares of Common Stock;
- Approval of an amendment to the Articles of Incorporation to authorize Non-Voting Common Stock;
- Approval of an amendment to the 2009 Equity Incentive Plan;
- Approval of an adjournment of the meeting if necessary to solicit additional proxies in the event there are insufficient votes to approve any of the foregoing proposals; and
- Consideration of any other matters as may properly come before the Annual Meeting or any adjournments.

At our Annual Meeting, we will discuss highlights of the past year. Directors and officers, as well as representatives of Stegman & Company, Cecil Bancorp's independent public accounting firm, will be present to respond to any questions shareholders may have.

Your Board of Directors recommends that you vote "**FOR**" the election of the Board's nominees for directors, "**FOR**" approval of an amendment to the Articles of Incorporation to increase the number of authorized shares of Common Stock, "**FOR**" approval of an amendment to the Articles of Incorporation to authorize Non-Voting Common Stock, "**FOR**" approval of an amendment to the 2009 Equity Incentive Plan and "**FOR**" approval of an adjournment if necessary to solicit additional proxies in the event there are insufficient votes to approve any of the foregoing proposals. **Your vote is important.** Please vote through the Internet or by telephone or complete the proxy card and return it in the postage-paid envelope provided as soon as possible. Thank you for investing in Cecil Bancorp.

Sincerely,


William H. Cole, IV
Chairman of the Board


Terrie G. Spiro
President and CEO

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CECIL BANCORP, INC.
127 North Street
Elkton, Maryland 21921-5547
NOTICE OF ANNUAL MEETING
July 15, 2015

The Annual Meeting of Shareholders of Cecil Bancorp, Inc. will be held at Venable LLP, 750 East Pratt Street, Suite 900, Baltimore, Maryland, on Wednesday, July 15, 2015 at 9:00 a.m., Eastern Time.

The Annual Meeting is for the purpose of considering and acting upon the:

- Election of the two directors identified in the proxy statement;
- Approval of an amendment to the Articles of Incorporation to increase the number of authorized shares of Common Stock;
- Approval of an amendment to the Articles of Incorporation to authorize Non-Voting Common Stock;
- Approval of an amendment to the 2009 Equity Incentive Plan;
- Approval of an adjournment of the meeting if necessary to solicit additional proxies in the event there are insufficient votes to approve any of the foregoing proposals; and
- Consideration of any other matters as may properly come before the Annual Meeting or any adjournments.

Your Board of Directors recommends a vote “FOR” the election of the two directors nominated, “FOR” approval of an amendment to the Articles of Incorporation to increase the number of authorized shares of Common Stock, “FOR” approval of an amendment to the Articles of Incorporation to authorize Non-Voting Common Stock, “FOR” approval of an amendment to the 2009 Equity Incentive Plan and “FOR” approval of an adjournment if necessary to solicit additional proxies in the event there are insufficient votes to approve any of the foregoing proposals. The Board is not aware of any other business to come before the Annual Meeting.

Only holders of record at the close of business on May 22, 2015 of shares of the Common Stock and the Mandatory Convertible Cumulative Junior Preferred Stock, Series B (which is entitled to vote with the Common Stock), will be entitled to vote at the Annual Meeting and any adjournments or postponements. A Proxy Card for the Annual Meeting is enclosed. Whether or not you attend the meeting in person, it is important that your shares be represented and voted. Please vote through the Internet or by telephone or by completing, signing and dating your proxy card, and returning it as soon as possible in the enclosed, postage-paid envelope. You may change your proxy later or vote in person at the meeting, if you wish.

BY ORDER OF THE BOARD OF DIRECTORS



THOMAS L. VAUGHAN, SR.
Secretary

Elkton, Maryland
June 5, 2015

Important Notice Regarding Internet Availability of Proxy Materials
For the Shareholder Meeting to be Held on July 15, 2015
The Proxy Statement is available at
<http://www.proxyvote.com>

**PROXY STATEMENT
QUESTIONS AND ANSWERS**

Q: Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the proxy materials?

A: This year, Cecil Bancorp, Inc. (“we” or “Cecil Bancorp” or the “Company”) is again pleased to furnish our proxy materials over the Internet. As a result, we are mailing shareholders of record and entitled to vote a Notice of Internet Availability about the Internet availability of the proxy materials instead of a paper copy of the proxy materials. All shareholders receiving the notice will have the ability to access the proxy materials over the Internet and request to receive a paper copy of the proxy materials by mail. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found in the notice. In addition, the notice contains instructions on how you may request to access proxy materials in printed form by mail or electronically on an ongoing basis.

Q: What am I voting on?

A: You are voting on:

Proposal I—Election of Thomas L. Vaughan, Sr. and William H. Cole, IV as directors of the class designated to serve until the 2018 Annual Meeting of Shareholders (Page 7);

Proposal II—Approval of an amendment to the Articles of Incorporation to increase the number of authorized shares of Common Stock to 1,000,000,000 shares (Page 15);

Proposal III—Approval of an amendment to the Articles of Incorporation to authorize Non-Voting Common Stock (Page 16);

Proposal IV—Approval of an amendment to the 2009 Equity Incentive Plan (Page 17); and

Proposal V—Adjournment of the Annual Meeting if necessary to solicit additional proxies in the event there are insufficient votes to approve Proposals II, III or IV (Page 22).

Q: How does the Board recommend that I vote?

A: The Board of Directors recommends that you vote “FOR” the election of its two nominees, “FOR” approval of an amendment to the Articles of Incorporation to increase the number of authorized shares of Common Stock, “FOR” approval of an amendment to the Articles of Incorporation to authorize Non-Voting Common Stock, “FOR” approval of an amendment to the 2009 Equity Incentive Plan and “FOR” approval of an adjournment if necessary to solicit additional proxies in the event there are insufficient votes to approve Proposals II, III or IV.

Q: Who is entitled to vote at the Annual Meeting?

A: Shareholders of record of Cecil Bancorp's Common Stock and Mandatory Convertible Cumulative Junior Preferred Stock, Series B (the "Series B Preferred Stock") as of the close of business on May 22, 2015 (the "Record Date") are entitled to vote at the Annual Meeting. If you hold your shares in street name, you will need additional documentation from your bank or broker to vote in person at the Annual Meeting.

Q: How do I vote?

A: You may vote by completing, signing, and dating a proxy card, and returning it in the postage-paid envelope provided. For voting by telephone or over the Internet, please see the instructions on the proxy card. If you return your signed proxy card but do not indicate your voting preference, your card will be voted "FOR" the election of two directors of the class designated to serve until the 2018 Annual Meeting of Shareholders, "FOR" approval of an amendment to the Articles of Incorporation to increase the number of authorized shares of Common Stock, "FOR" approval of an amendment to the Articles of Incorporation to authorize Non-Voting Common Stock, "FOR" approval of an amendment to the 2009 Equity Incentive Plan and "FOR" approval of an adjournment if necessary to solicit proxies in the event there are insufficient votes to approve Proposals II, III or IV. You have the right to revoke your proxy any time before the Annual Meeting by any of the following methods:

- Filing a written notice of revocation with the corporate secretary of Cecil Bancorp;
- Submitting a completed proxy card bearing a later date;
- Calling the toll-free telephone number listed on the proxy card and following the instructions;
- Visiting the website listed on the proxy card and following the instructions; or
- Attending the Annual Meeting and requesting to vote in person.

The most current proxy card, telephone vote or Internet vote with respect to the same shares is the one that will be counted. Proxies will extend to, and will be voted at, any properly adjourned session of the Annual Meeting.

If you hold your shares in street name, you should contact your bank or broker for a voting instruction form and follow the instructions to vote your shares by the deadline set by your bank or broker. If you hold your shares in street name and plan to attend the Annual Meeting and vote in person, you should contact your bank or broker to obtain a legal proxy or broker's proxy card and bring it to the Annual Meeting as proof of your authority to vote the shares. If you hold your shares in street name, you should contact your bank or broker to revoke your proxy or change your vote.

Q: Who will count the votes?

A: Broadridge Financial Solutions, an investor communications service, will tabulate the votes.

Q: What should I do if I receive more than one proxy card?

A: If you receive more than one proxy card, it indicates that you own shares in more than one account, or your shares are registered in various names. You should vote all proxy cards you receive by completing, signing, dating, and returning each proxy card in the postage-paid envelope provided or by voting through the Internet or by telephone.

Q: What constitutes a quorum at the Annual Meeting?

A: On the Record Date, there were 7,428,064 shares of Cecil Bancorp Common Stock and 164,250 shares of Series B Preferred Stock issued and outstanding. Each share of Common Stock is entitled to one vote and each share of Series B Preferred Stock is entitled to ten votes voting with the Common Stock as a single class on all matters voted on at the Annual Meeting. Under the Articles of Incorporation, if any person (as defined in the Articles of Incorporation) acquires beneficial ownership of more than 10% of any class of the Company's equity securities without the prior approval of the Continuing Directors (as defined in the Articles of Incorporation), any shares beneficially owned by such person in excess of 10% of the outstanding voting stock will only be entitled to one one-hundredth of a vote per share. As of May 22, 2015, 1,848,115 shares of Common Stock were subject to this provision of the Articles of Incorporation, resulting in those shares being entitled to cast a total of 916,467 votes. Accordingly, there are 8,138,916 votes entitled to be cast at the Annual Meeting. A majority of all the votes entitled to be cast at the Annual Meeting, present in person or represented by proxy, constitutes a quorum for the Annual Meeting. If you submit a properly executed proxy card, you will be considered part of the quorum. Abstentions will be treated as present for purposes of determining a quorum, but as unvoted for purposes of determining the approval of any matter submitted to the vote of shareholders. If a broker advises Cecil Bancorp that it cannot vote on a matter because the beneficial owner has not provided voting instructions and it does not have discretionary voting authority on a particular matter, this is a "broker non-vote" with respect to that matter. Shares subject to broker non-votes will be counted as shares present at the meeting for purposes of determining whether a quorum exists; however, such shares will not be considered as votes cast with respect to the matters on which the broker does not have the power to vote.

Q: What is a broker non-vote?

A: With regard to shareholders who hold shares of common stock in "street name" through a bank, broker, nominee or other entity, the broker or other entity may only vote such shares in accordance with the shareholder's instructions. If a broker or other entity has not timely received a shareholder's instructions, such broker or entity may only vote on

matters for which it has discretionary voting authority. In almost all cases brokers have discretionary voting authority for “routine” proposals but not for “non-routine” proposals.

Applicable rules determine whether the items presented at the Annual Meeting are “routine” or “non-routine.” The approval of an amendment to the Articles of Incorporation to increase the number of authorized shares of Common Stock and the approval of an adjournment of the meeting are considered routine matters. The election of directors, the approval of the amendment to the Articles of Incorporation to authorize Non-Voting Common Stock and the approval of the amendment to the 2009 Equity Incentive Plan are considered non-routine.

Q: How many votes are required to elect directors and approve other matters?

A: With regard to the election of the two directors identified in this proxy statement, holders of shares of Common Stock and holders of Series B Preferred Stock vote together as a single class. Votes may be cast in favor or withheld. If a quorum is present, the directors are elected by a plurality of the votes cast; therefore, abstentions, broker non-votes or withheld votes will have no effect on the outcome of the election of directors.

With regard to the amendments to the Articles of Incorporation to increase the number of authorized shares of Common Stock and to authorize Non-Voting Common Stock, holders of shares of Common Stock and holders of Series B Preferred Stock vote together on each proposal as a single class. In accordance with the Maryland General Corporation Law and the Articles of Incorporation, the proposed amendments must each be approved by two-thirds of the outstanding stock entitled to vote thereon. Abstentions and broker non-votes will have the same effect as votes against the proposed amendments.

With regard to the amendment to the 2009 Equity Incentive Plan and the approval of an adjournment of the meeting, holders of shares of Common Stock and holders of Series B Preferred Stock vote together on each proposal as a single class. If a quorum is present, such proposal will be approved if the votes cast in favor of the proposal exceed the votes against the proposal. Abstentions or broker non-votes will have no effect on the outcome of such proposals.

Q: Who may attend the Annual Meeting?

A: All shareholders of record as of May 22, 2015, the Record Date, may attend, although seating is limited. For directions to the Annual Meeting, please call (866) 570-1650 or visit our website at www.cecilbank.com.

Q: What percentage of Cecil Bancorp stock did directors and executive officers own on the Record Date?

A: Together, they beneficially owned approximately 2.68% of Cecil Bancorp's issued and outstanding Common Stock and 0.17% of the Series B Preferred Stock, which constituted 2.48% of the total votes entitled to be cast at the meeting.

Q. What do I need to do if I hold shares in the Cecil Bancorp, Inc. Employee Stock Ownership Plan or Employees' Savings and Profit Sharing Plan?

A. If you are a participant in the Cecil Bancorp, Inc. Employee Stock Ownership Plan (the "ESOP") or hold Common Stock through the Cecil Bancorp, Inc. Employees' Savings and Profit Sharing Plan (the "401(k) Plan"), you will receive a voting instruction form from each plan that reflects all shares you may vote under these plans. Under the terms of the ESOP, all shares held by the ESOP are voted by the ESOP trustees, but each participant in the ESOP may direct the trustees on how to vote the shares of Common Stock allocated to his or her account. Unallocated shares and allocated shares for which no timely voting instructions are received will be voted by the ESOP trustees in the same proportion as participants vote allocated stock. Under the terms of the 401(k) Plan, you are entitled to direct the trustee how to vote the shares of Common Stock credited to your account in the 401(k) Plan. The 401(k) Plan trustee will vote all shares for which it does not receive timely instructions from participants at the direction of Cecil's Board of Directors or the Plan Committee of the Board. The deadline for returning your voting instruction form to the trustees of the ESOP and 401(k) Plan is July 8, 2015.

Q: Who pays for this proxy solicitation and how will solicitation occur?

A: Cecil Bancorp's Board of Directors is soliciting this proxy, and Cecil Bancorp will pay the cost of the solicitation. Directors and employees of Cecil Bancorp and its subsidiaries may solicit proxies without additional compensation. In addition, Cecil Bancorp has engaged Regan & Associates, Inc. to assist in the distribution of proxy materials and the solicitation of proxies for an initial estimated fee of \$12,500 to be paid by Cecil Bancorp. In addition to the use of the mail, proxies may be solicited in person or by telephone, fax, electronic mail or other electronic communication. Banks, brokerage houses and other nominees and fiduciaries are requested to forward the proxy material to beneficial owners of Cecil Bancorp stock and to obtain authorization to execute proxies on behalf of the beneficial owners. Upon request, Cecil Bancorp will reimburse these parties for their reasonable expenses in forwarding proxy material to beneficial owners.

PROPOSAL I—ELECTION OF DIRECTORS

Your Board of Directors is currently composed of four members, each of whom also serves as a director of our bank subsidiary, Cecil Bank. Arthur S. Hock resigned from the Board of Directors effective on May 28, 2015. The Board of Directors has nominated two directors for re-election at the Annual Meeting and has not received any other director nominations; accordingly, a vacancy will continue to exist on the Board of Directors after the Annual Meeting. Directors of Cecil Bancorp are divided into three classes and are elected for terms of three years and until their successors are elected and qualified. At the Annual Meeting, two directors nominated by the Board of Directors will be elected for a term expiring at the 2018 Annual Meeting.

The Board of Directors has nominated for re-election Thomas L. Vaughan, Sr. and William H. Cole, IV, each of whom is currently a director, to serve for a term of three years, and until his successor is elected and qualified. The nominees are elected by a plurality of the votes cast in this election, with holders of shares of Common Stock and holders of shares of Series B Preferred Stock voting together as a single class. The individuals named as proxies on your proxy card will vote for the election of the two nominees unless you withhold authorization.

The nominees have agreed to serve their term, if elected. If a nominee is unable to stand for re-election at this Annual Meeting, the Board may nominate an alternate candidate, and the proxies will be voted for the alternate candidate.

Directors are elected by a plurality of the votes cast, meaning the two nominees who receive the most votes will be elected directors. Votes that are withheld and broker non-votes will have no effect on the outcome of the election.

Your Board recommends a vote FOR these two directors.

The biographies of the nominees and each of the continuing directors below contain information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Nominating and Corporate Governance Committee and the Board to determine that the person should serve as a director for the Company.

DIRECTOR NOMINEES

Class Designated to Serve until the 2018 Annual Meeting of Shareholders

Thomas L. Vaughan, Sr.

Director Since 2003

Mr. Vaughan, age 65, is the past owner and President of Ship Watch Inn, Inc., a bed and breakfast located in Chesapeake City, Maryland. Mr. Vaughan founded Canal Plumbing Company in 1977 and continues to operate it as a plumbing contracting company. Mr. Vaughan is a member of Knight House Farms, LLC and Katem, LLC, real estate management companies.

Mr. Vaughan is a member of the Cecil County Plumbing Board. Mr. Vaughan previously served on the Chesapeake City Board of Appeals and is a past member of the Chesapeake Historic Commission and a past Council member. His participation in our local community for over four decades brings knowledge of the local economy and business opportunities for the Bank.

William H. Cole, IV

Director Since 2008

Mr. Cole, age 43 and Chairman of the Board, is the President and CEO of the City of Baltimore Development Corporation, Inc., Baltimore's non-profit economic development entity. He was twice elected as a member of the Baltimore City Council before resigning in August 2014 to assume his role at BDC. Mr. Cole was the Associate Vice President of Institutional Advancement at the University of Baltimore and Assistant Director of the University of Baltimore Foundation from 2003 until 2014, a Member of the Maryland House of Delegates from 1998 until 2002, and a Special Assistant to Congressman Elijah E. Cummings from 1996 until 2003. He is active in more than a dozen civic Boards and Commissions, including his service as the Chairman of Baltimore Hotel Corporation and as a member of the Boards of Directors of Visit Baltimore, the Downtown Partnership of Baltimore, the Waterfront Partnership of Baltimore, and the Central Baltimore Partnership. His participation in our local community for more than two decades brings knowledge of the local economy and business opportunities for the Bank.

DIRECTORS CONTINUING IN OFFICE

Class Serving until the 2016 Annual Meeting of Shareholders

Robert A. Payne, III

Director Since 2014

Mr. Payne, age 42, is the Founder and Owner of Terracon, Inc., in Elkton, Maryland. A native of Elkton and a graduate of Salisbury State University, Mr. Payne has spent his career in the construction, excavating, and equipment business. He is also involved in real estate investments. His participation in our local community and familiarity with his hometown brings knowledge of the local economy and business opportunities for the Bank.

Class Serving until the 2017 Annual Meeting of Shareholders

William F. Ariano, Jr.

Director Since 2014

Mr. Ariano, age 66 and Vice Chairman of the Board, was appointed by the Secretary with the approval of the Governor effective July 5, 2007 as Deputy Director of the Community Development Administration. The Community Development Administration is the Housing Finance Agency for the State of Maryland and is part of the Maryland Department of Housing and Community Development. He previously served as Vice-President of Residential and Consumer Lending and CRA Officer at Chesapeake Bank of Maryland. He served in that capacity at several Baltimore community banks and his responsibilities included, secondary

marketing, and underwriting; and the management of staff for origination, closing, sales, and post-closing of various mortgage products. As part of his responsibilities at the Department, Mr. Ariano has overseen the thirty percent expansion of mortgage lending for the Maryland Mortgage Program, the addition of mortgage credit certificates, the award of Low Income Housing Tax Credits, which have leveraged over \$1 billion in private development in the past year. Mr. Ariano has also overseen the energy efficiency activity for low income families throughout the State of Maryland, helping to create a housing and energy efficiency division with the Department to manage single family low income weatherization and other energy efficiency programs.

Prior to his employment in the private sector, Mr. Ariano directed a quasi-public agency for the City of Baltimore which financed, developed, constructed and managed rental and for-sale housing for families with low to moderate income. In the 1970s, Mr. Ariano directed the South East Community Organization in Baltimore City, a community based organizing and neighborhood development corporation. Mr. Ariano holds a Bachelor of Science from Mount Saint Mary's University and a Masters in Business Administration from Loyola University (Baltimore). His participation in our local community for over four decades brings knowledge of the local economy and business opportunities for the Bank.

Right of Holders of Series A Preferred Stock to Elect Directors Upon Failure to Pay Dividends

On December 23, 2008, Cecil Bancorp issued 11,560 shares of its Fixed Rate Cumulative Perpetual Preferred Stock, Series A (the "Series A Preferred Stock"), to the United States Department of the Treasury ("Treasury") as part of the Troubled Asset Relief Program ("TARP") Capital Purchase Program. As the holder of the Series A Preferred Stock, Treasury is entitled to receive quarterly dividends, if and as declared by Cecil Bancorp's Board of Directors. However, if Cecil Bancorp defers and does not pay dividends for an aggregate of six quarterly periods or more, the holder of the Series A Preferred Stock has the right to elect two directors to fill newly-created positions on Cecil Bancorp's Board of Directors. Once all deferred dividends on the Series A Preferred Stock are paid in full, the right of the holder of the Series A Preferred Stock to elect two directors to the Board will immediately terminate, and the term of office of any directors that have been elected by the holder of the Series A Preferred Stock will immediately terminate. Cecil Bancorp has deferred the last twenty-two quarterly dividend payments on the Series A Preferred Stock.

As a result of these deferred dividends, Treasury has the right to elect two directors at each annual meeting of shareholders, or a special meeting of shareholders called for that purpose, until all accrued and unpaid dividends for all past dividend periods on all outstanding shares of Series A Preferred Stock have been declared and paid in full. Treasury has not exercised its right to elect two directors to Cecil Bancorp's Board of Directors. Cecil Bancorp has not received any nominations for directors to represent the holder of the Series A Preferred Stock. Accordingly, no individuals are nominated for election at the Annual Meeting as Series A Preferred Stock Directors.

CORPORATE GOVERNANCE

Director Independence

The Board of Directors has determined that Directors Ariano, Cole, Payne, and Vaughan would be considered independent under the meaning of the Listing Standards of The Nasdaq Stock Market (the “Listing Standards”) if Cecil Bancorp’s Common Stock were listed there. In determining independence of directors, the Board of Directors considered the deposit and loan relationships that directors have with Cecil Bank as well as certain business relationships.

Board Leadership Structure and Role in Risk Oversight

Under the Board of Directors’ current leadership structure, the offices of Chairman of the Board and Chief Executive Officer are held by separate individuals. William H. Cole, IV serves as Chairman of the Board of Directors and Terrie G. Spiro serves as Chief Executive Officer. The Board of Directors has also appointed Thomas L. Vaughan, Sr. to serve as lead independent director with authority to call meetings of independent directors.

The Board of Directors has general oversight authority with respect to the Company’s risk management function with authority delegated to various board committees to review risk management policies and practices in specific areas of the Company’s business. The Audit Committee is primarily responsible for overseeing the Company’s risk management. The Audit Committee works closely with officers involved in the risk management function including the internal audit staff who report directly to the Audit Committee.

Board Meetings and Committees

Cecil Bancorp’s Board conducts its business through meetings of the Board and of its Committees. The Board meets at least quarterly and may have additional special meetings. The Board met 15 times during 2014. During 2014, no director attended fewer than 75% of the meetings of the Board and the Committees on which he or she served.

Audit Committee. The Audit Committee of the Board oversees and reports to the Board of Directors regarding accounting and financial reporting processes, the audits of the financial statements, the qualifications and independence of our auditors (“independent auditors”) engaged to provide independent audits and related services, and the performance of the internal audit function and independent auditors; and performs the other duties of the Committee specified by the Federal Deposit Insurance Act and related regulations (the “FDIA”), and its charter. The Committee, in its capacity as a Committee of the Board, is responsible for the appointment, compensation, retention, evaluation, termination, and oversight of the work of any independent auditor employed by Cecil Bancorp for the purpose of preparing or issuing an audit report or related work. The independent auditors report to the Committee. The Committee is responsible for the resolution of any disagreements between management of Cecil Bancorp and the independent auditors regarding financial reporting. All members of the Committee are “independent” as defined in the FDIA and the Listing Standards. The Company believes that all

the members of the Audit Committee are qualified to serve on the Committee and have the experience and knowledge to perform the duties required of the Committee. The Committee met 8 times in 2014. Current members are Mr. Vaughan, Chairman, Mr. Ariano, and Mr. Payne.

Compensation Committee. The Compensation Committee reviews Cecil Bancorp's compensation policies and employee benefit plans and programs, and recommends compensation for executive officers and directors, subject to Board approval. Cecil Bancorp recognizes that the ability to retain and recruit executive officers is critical to the achievement of its annual and long range goals. It seeks to maintain that ability by establishing market-competitive total compensation for its executive officers that rewards achievement of those goals. Under the compensation policies of Cecil Bancorp, compensation is paid based both on the executive officer's knowledge, skills, and performance and on company performance. Cecil Bancorp intends that total compensation and its components be market competitive and consistent with company performance goals. The Compensation Committee assesses the competitiveness of the total compensation and its components and the appropriateness of the mix of compensation components based upon an annual review that generally considers peer comparisons and other information. As a result of Cecil Bancorp's participation in the TARP Capital Purchase Program, the Compensation Committee must review, at least every six months, compensation plans for senior executive officers and other employees to determine if they encourage undue or unnecessary risk or encourage the manipulation of reported earnings. The Compensation Committee met two times during 2014. Current members of the Committee are Mr. Payne, Chairman, Mr. Ariano, Mr. Cole, and Mr. Vaughan. All members of this Committee are non-employee directors and are independent directors within the meaning of the Listing Standards.

Nominating and Corporate Governance Committee. The Board of Directors has appointed a Nominating and Corporate Governance Committee. Current members of the Committee are Mr. Ariano, Chairman, Mr. Cole, Mr. Payne, and Mr. Vaughan, each of whom is independent under the Listing Standards to recommend nominees for director. The Nominating and Corporate Governance Committee met once to recommend nominees for election at this year's annual meeting. In its determination of whether or not to recommend a director for nomination, the Nominating and Corporate Governance Committee considers whether or not such director meets the minimum criteria for board membership based upon the director's honesty, integrity, reputation in his or her community, existence of any actual or potential conflicts of interest, and past service as a director, and may consider additional factors it deems appropriate. The Committee may consider diversity in market knowledge, background, experience, qualifications, and other factors as part of its evaluation of each candidate. The Nominating and Corporate Governance Committee also is responsible for considering persons recommended for nomination as directors by shareholders, other directors, and officers. As a matter of policy, no shareholder nomination or recommendation will be considered unless the committee determines, in its good faith discretion, that (i) the manner and substance of the recommendation or nomination and the related information and materials provided in connection with the recommendation or nomination comply with the procedural and substantive requirements of Cecil Bank's Articles of Incorporation, relevant Bylaws, and state and federal law, and (ii) if elected, the person recommended or nominated may lawfully serve on the board.

VOTING SECURITIES OWNED BY DIRECTORS AND EXECUTIVE OFFICERS

The shares of Cecil Bancorp's Common Stock and Series B Preferred Stock that were beneficially owned on the Record Date by persons who were directors and executive officers as of the Record Date, are shown below.

Name	Common Stock		Series B Preferred Stock		Percent of Total Voting Power ⁽³⁾
	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Class ⁽²⁾	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Class ⁽²⁾	
William F. Ariano, Jr.	3,000	0.04%	--	--	0.04%
William H. Cole, IV	2,742 ⁽⁵⁾	0.04%	--	--	0.03%
Arthur S. Hock ⁽⁴⁾	5,695	0.08%	--	--	0.07%
Robert A. Payne, III	4,000	0.05%	175	0.11%	0.07%
Thomas L. Vaughan, Sr.	114,568 ⁽⁵⁾	1.54%	--	--	1.41%
Terrie G. Spiro	--	--	--	--	--
Brian J. Hale	63,659 ⁽⁶⁾	0.86%	100	0.06%	0.79%
Thomas J. Ahearn	--	--	--	--	--
R. Lee Whitehead	5,583 ⁽⁶⁾	0.08%	--	--	0.07%
All Directors and Executive Officers as a Group (9 persons)	199,247 ⁽⁶⁾	2.68%	275	0.17%	2.48%

⁽¹⁾ Beneficial ownership includes shares that the person has or shares voting or investment power over and shares that the person has a right to acquire within 60 days from the Record Date. Unless otherwise indicated, ownership is direct and the named individual exercises sole voting and investment power over the shares listed as beneficially owned by such person. A decision to disclaim beneficial ownership is made by the individual, not Cecil Bancorp.

⁽²⁾ Based on 7,428,064 shares of Cecil Bancorp Common Stock and 164,250 shares of Series B Preferred Stock issued and outstanding on the Record Date. In calculating the percentage ownership of each named individual and the group, the number of shares outstanding includes any shares that the person or the group has the right to acquire within 60 days of the Record Date.

⁽³⁾ Percent of total voting power with respect to all shares of our Common Stock and Series B Preferred Stock, voting together as a single class. Each holder of Common Stock is entitled to one vote per share of Common Stock and each holder of Series B Preferred Stock is entitled to 10 votes per share on all matters submitted to common shareholders for a vote. The Common Stock and Series B Preferred Stock vote together as a single class on all matters submitted to common shareholders for a vote. Each share of Series B Preferred Stock is convertible at the option of the holder into 10 shares of the Common Stock. Under Cecil Bancorp's Articles of Incorporation, any shares beneficially owned by any person in excess of 10% of the outstanding voting stock are only entitled to one one-hundredth of a vote per share unless the acquisition of such beneficial ownership was approved in advance by the Continuing Directors.

⁽⁴⁾ Mr. Hock resigned from the Board of Directors effective May 28, 2015.

⁽⁵⁾ Excludes 213,756 shares held by the ESOP for which directors Cole and Vaughan serve as trustees and Plan Committee Members.

⁽⁶⁾ Includes 32,365 shares allocated to executive officers under the ESOP as of the Record Date. Includes 17,167 shares held in the 401(k) Plan by Brian J. Hale.

DIRECTOR COMPENSATION

During the first two months of 2014, Directors received \$500 for each regular meeting of the Board attended and \$75 for each Committee meeting attended. The Audit Committee Chairman received \$388 for each Audit Committee meeting attended. In February 2014, the Board voted to forego director compensation for the remainder of 2014.

BACKGROUND REGARDING PROPOSALS II AND III

Proposals II and III relate to amendments to Cecil Bancorp's Articles of Incorporation to increase the number of authorized shares of Common Stock and to authorize the issuance of non-voting common stock (the "Non-Voting Common Stock"). The proposed amendments to Cecil Bancorp's Articles of Incorporation are reflected in Appendix A to this proxy statement. The amendments to Cecil Bancorp's Articles of Incorporation proposed in Proposals II and III (along with select confirming changes) will only be implemented to the extent they are approved by votes cast by holders of shares of Common Stock and holders of shares of Series B Preferred Stock voting together as a single class.

In early 2014, the Board of Directors began investigating various capital-raising alternatives. Although Cecil Bank was at the time adequately capitalized within the meaning of applicable federal capital requirements, the Board of Directors believed that an increase in capital was necessary in order to give Cecil Bank more flexibility in addressing its problem assets which have increased substantially in recent years. As a result of its high level of non-performing loans and the additional loan loss provisions that they have required, Cecil Bancorp has also reported losses in four of the last five years, further straining its capital. The Board of Directors, with the assistance of management, also has considered, and continues to consider, various strategic alternatives to improve Cecil Bancorp's and Cecil Bank's capital ratios and replace high cost sources of capital, including preferred equity and debt financing, with lower cost common equity. During their deliberations the Board of Directors and management have considered the continued uncertain economic environment, capital markets volatility, availability of financing sources, and credit quality trends. In light of these factors and as a result of these deliberations, the Board of Directors believes that it is desirable to raise additional capital.

Based on its analysis of Cecil Bank's capital needs and Cecil Bancorp's current financial condition, the Board of Directors has determined that a private placement to accredited or other sophisticated investors would be the most appropriate means of raising the desired capital. The Board of Directors also believes that a private placement would be the most efficient method of raising capital and offers the most certainty of completion. The Board of Directors and management are exploring opportunities to complete such a private placement, on terms that the Board of Directors believes are in the best interests of Cecil Bancorp and its shareholders. In connection with exploring opportunities to raise capital, including through a private placement to accredited or other sophisticated investors, the Board of Directors, with the assistance of management, is considering strategic initiatives for the deployment of proceeds from any such capital raise. Such strategic initiatives could include, but are not limited to, capital transfers to Cecil Bank, problem asset resolution and disposition initiatives, balance sheet optimization initiatives including through restructuring debt financings, and further initiatives to improve Cecil Bancorp's capital position including recapitalizations or reorganizations including to replace high cost financing sources such as our Series A Preferred Stock, Series B Preferred Stock and our trust preferred securities. The Board of Directors may also explore and pursue strategies to improve the market price per share of Common Stock, including through a reverse stock split or other stock reclassification. The Board of Directors remains focused on improving

the financial condition of Cecil Bancorp and Cecil Bank and will continue to pursue, develop, and implement strategic initiatives to accomplish that objective.

Purpose of the Amendments to the Articles of Incorporation

The Articles of Incorporation currently authorize the issuance of up to 100,000,000 shares of Common Stock. As of the Record Date, the Company had 7,428,064 shares of Common Stock outstanding. In addition, the Company has reserved 523,076 shares of Common Stock for issuance upon exercise of the warrant issued to Treasury under the TARP Capital Purchase Program. The Company has also reserved 737,870 shares of Common Stock for issuance under the 2009 Equity Incentive Plan, approximately 290,000 shares for issuance under the Company's Employees' Savings & Profit Sharing Plan and 52,140 shares for issuance under the Company's Dividend Reinvestment Plan. Upon conversion of the Series B Preferred Stock, an additional 1,642,500 shares of Common Stock would be outstanding for a total of 10,667,836 shares outstanding or reserved for issuance.

The Articles of Incorporation currently do not authorize the issuance of shares of non-voting common stock. Certain regulations adopted by and regulatory guidance issued by the Board of Governors of the Federal Reserve System place limits on ownership of voting equity securities of a bank holding company, although additional investments in non-voting equity securities may be permitted. Non-voting common equity frequently qualifies for treatment as common equity Tier 1 capital under applicable regulatory capital guidelines. As a result, to maximize the effect of capital raising efforts and particularly of private placements of common equity securities to accredited or other sophisticated investors, many bank holding companies have authorized non-voting common equity for issuance to investors.

The amendments in Proposals II and III would give Cecil Bancorp greater flexibility in its financial affairs by making additional shares of Common Stock available for issuance, and by authorizing shares of Non-Voting Common Stock for issuance, in such transactions as the Board considers appropriate, including as applicable a private placement or other public or private offerings, stock splits or dividends or in connection with mergers and acquisitions or otherwise. Cecil Bancorp's shareholders may or may not be given the opportunity to vote on such a transaction, depending on the nature of the transaction, applicable law and the judgment of the Board of Directors regarding the submission of such transaction to a vote of the shareholders. Shareholder approval of Proposals II and III will not, without further action by the Board of Directors, cause any change in the number of shares of Common Stock outstanding or cause the issuance of any shares of Non-Voting Common Stock. Because shareholders do not have preemptive rights under the Articles of Incorporation, the interests of existing shareholders may (depending on the particular circumstances in which additional capital stock is issued) be diluted by any such issuance.

The availability of additional shares of Common Stock and Non-Voting Common Stock authorized for issuance could have the effect of delaying, discouraging, or preventing a change in control of Cecil Bancorp, including a transaction in which the shareholders might otherwise receive a premium for their shares. It is possible that additional shares of Common Stock or

Non-Voting Common Stock could be issued for the purpose of making an acquisition by an unwanted suitor of a controlling interest in Cecil Bancorp more difficult, time-consuming or costly or to otherwise discourage an attempt to acquire control of the Common Stock and the Non-Voting Common Stock. For instance, such shares of Common Stock could be privately placed with purchasers who might cooperate with the Board of Directors in opposing an attempt by a third party to gain control of Cecil Bancorp by voting such shares against the transaction with the third party or could be used to dilute the stock ownership or voting rights of a person or entity seeking to obtain control of Cecil Bancorp, which could make a change in control of Cecil Bancorp more difficult, and therefore less likely. Proposals II and III are not being presented with the intent that they be used for purposes of preventing, delaying or discouraging a takeover of Cecil Bancorp. Nothing would prevent the Board of Directors from taking any actions that it deems consistent with its fiduciary responsibilities, however, and so the Board reserves its right (consistent with its fiduciary responsibilities) to issue shares for such purpose.

If shareholders do not approve Proposals II and III, Cecil Bancorp and its Board of Directors may be precluded from or delayed in pursuing opportunities to finance Cecil Bancorp or a wide range of other potential corporate opportunities and strategic initiatives that might be in the best interests of Cecil Bancorp and its shareholders.

**PROPOSAL II—AMENDMENT TO THE ARTICLES OF INCORPORATION TO
INCREASE AUTHORIZED COMMON STOCK FROM 100,000,000 SHARES TO
1,000,000,000 SHARES**

The Board of Directors is seeking shareholder approval of an amendment to Cecil Bancorp's Articles of Incorporation to increase the number of authorized shares of Common Stock from 100,000,000 shares to 1,000,000,000 shares. As discussed in more detail above, the amendment is necessary so that Cecil Bancorp's Board of Directors will have flexibility in the conduct of Cecil Bancorp's financial affairs, including flexibility to undertake transactions to support Cecil Bancorp's business, without the potential expense or delay associated with obtaining shareholder approval for any particular issuance under any future transactions. The Board of Directors is proposing the amendment to ensure that a sufficient amount of Common Stock is available for issuance in the future by the Board of Directors. The amendment will not increase or otherwise affect Cecil Bancorp's Series A Preferred Stock or Series B Preferred Stock or otherwise affect any other provision of the Articles of Incorporation. The Board of Directors believes that the proposed increase in the number of authorized shares of Common Stock is in the best interests of Cecil Bancorp and recommends a vote **FOR** the proposed amendment to the Articles of Incorporation.

The proposed amendment is reflected in Appendix A to this proxy statement.

Vote Required and Recommendation of the Board of Directors

In accordance with the Maryland General Corporation Law and the Articles of Incorporation, the proposed amendment to the Articles of Incorporation must be approved by two-thirds of the outstanding stock entitled to vote thereon. Holders of shares of Common Stock

and holders of shares of Series B Preferred Stock vote together on this proposal as a single class. Abstentions and broker non-votes will have the same effect as a vote against the proposed amendment. It is expected that substantially all of the 199,247 shares, or 2.68%, of the Common Stock outstanding as of the Record Date and substantially all of the 275 shares, or 0.17% of the Series B Preferred Stock outstanding as of the Record Date over which directors and executive officers of Cecil Bancorp exercise voting power will be voted for the proposed amendment. The Board of Directors recommends that shareholders vote **FOR** the proposed amendment.

PROPOSAL III—AMENDMENT TO THE ARTICLES OF INCORPORATION TO AUTHORIZE 500,000,000 SHARES OF NON-VOTING COMMON STOCK

The Board of Directors is seeking shareholder approval of an amendment to Cecil Bancorp's Articles of Incorporation to authorize the issuance of 500,000,000 shares of Non-Voting Common Stock. As discussed in more detail above, the amendment is necessary so that Cecil Bancorp's Board of Directors will have flexibility in the conduct of Cecil Bancorp's financial affairs, including flexibility to undertake transactions to support Cecil Bancorp's business, without the potential expense or delay associated with obtaining shareholder approval for any particular issuance under any future transactions. Further, the amendment will improve Cecil Bancorp's flexibility in negotiating with potential investors during capital raising efforts as related to maximum equity investment in Cecil Bancorp as permitted under applicable Federal Reserve regulations and regulatory guidance.

Except with respect to voting rights and as otherwise required by the Articles of Incorporation, shares of Non-Voting Common Stock will have the same preferences, limitations and relative rights, and will be identical in all respects, to shares of Common Stock. Except as required by applicable law or the Articles of Incorporation, holders of shares of Non-Voting Common Stock will not have the right to vote on any matter submitted to a vote at a meeting of Cecil Bancorp's shareholders.

The amendment will not increase or otherwise affect Cecil Bancorp's Series A Preferred Stock or Series B Preferred Stock or otherwise affect any other provision of the Articles of Incorporation. The Board of Directors believes that the proposed authorization for issuance of shares of Non-Voting Common Stock is in the best interests of Cecil Bancorp and recommends a vote **FOR** the proposed amendment to the Articles of Incorporation.

The proposed amendment is reflected in Appendix A to this proxy statement.

Vote Required and Recommendation of the Board of Directors

In accordance with the Maryland General Corporation Law and the Articles of Incorporation, the proposed amendment to the Articles of Incorporation must be approved by two-thirds of the outstanding stock entitled to vote thereon. Holders of shares of Common Stock and holders of shares of Series B Preferred Stock vote together on this proposal as a single class. Abstentions and broker non-votes will have the same effect as a vote against the proposed amendment. It is expected that substantially all of the 199,247 shares, or 2.68%, of the Common

Stock outstanding as of the Record Date and substantially all of the 275 shares, or 0.17%, of the Series B Preferred Stock outstanding as of the Record Date over which directors and executive officers of Cecil Bancorp exercise voting power will be voted for the proposed amendment. The Board of Directors recommends that shareholders vote **FOR** the proposed amendment.

PROPOSAL IV—AMENDMENT TO THE 2009 EQUITY INCENTIVE PLAN

The Board of Directors is seeking shareholder approval of an amendment to the Cecil Bancorp, Inc. 2009 Equity Incentive Plan (the “Plan”) to increase the number of shares available for grant under the Plan and clarify that restricted stock awards may be granted with or without voting rights.

Description of the Proposed Amendment

Cecil Bancorp currently maintains the Plan to provide incentives and rewards to officers, employees and directors who contribute to the long-term success and growth of Cecil Bancorp and its subsidiaries or affiliates. The Board of Directors believes that this Plan assists in attracting and retaining directors, officers and other key employees with experience and ability to contribute to Cecil Bancorp’s success and promote the creation of long-term value for shareholders. However, because under the Plan a maximum of 737,870 shares of Common Stock has been reserved for grants of stock options and restricted stock awards, if Proposal II or Proposal III or both are approved then awards issuable pursuant to the Plan will represent a significantly smaller ownership percentage of Cecil Bancorp and the Plan’s ability to attract and retain directors, officers and other key employees will be significantly reduced.

To ensure that the Plan continues to play an important role in attracting and retaining directors, officers and other key employees, the Board of Directors is seeking shareholder approval of an amendment to Section 5.2 of the Plan to increase the maximum number of shares of Common Stock reserved for grants thereunder by 75,000,000 shares to a total of 75,737,870 shares of Common Stock.. If Proposals II and III are both approved, this increased authorization for shares of Common Stock issuable under the Plan would constitute approximately 5.0% of the total number of shares of Common Stock and Non-Voting Common Stock authorized by Cecil Bancorp’s Articles of Incorporation.

As part of this Proposal IV, the Board is also seeking shareholder approval of an amendment to Section 6.1(b)(v) of the Plan to clarify that restricted stock awards may be granted with or without voting rights, in the discretion of the Plan Committee that administers the Plan.

The adoption of this Proposal IV is contingent upon approval of Proposal II to increase the number of shares of Common Stock authorized by Cecil Bancorp’s Articles of Incorporation. If shareholders do not approve Proposal II, Proposal IV will not be implemented as proposed even if it is approved by shareholders. If Proposal II is not approved, the Board of Directors will separately approve the portion of the amendment to the Plan relating to the voting rights of restricted stock, which the Board of Directors has the authority to implement without shareholder approval.

The proposed amendments to the Plan are reflected in Appendix B to this proxy statement.

Description of the Plan

The Plan was originally approved by shareholders at the 2009 Annual Meeting of Shareholders, and an amendment of the Plan was approved by shareholders at the 2014 Annual Meeting of Shareholders. The Board of Directors sought shareholder approval of the Plan in order for the Plan to issue incentive stock options that qualify Awards for favorable tax treatment under the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”) and to qualify Awards for certain exemptions from the short-swing trading rules of the Securities and Exchange Commission. The following is a description of the provisions of the Plan relevant to the proposal and is qualified in its entirety by reference to the Plan, as amended, which is attached as Appendix B to this proxy statement. Capitalized terms used in this summary and not defined shall have the meanings set forth in the Plan, unless the context requires otherwise.

Purpose. The purpose of the Plan is to provide incentives and rewards to officers, employees and directors who contribute to the long-term success and growth of the Company and its subsidiaries or affiliates, and to assist the Company in attracting and retaining directors, officers, and other key employees with experience and ability in order to aid the Company in rewarding such individuals who provide substantial services to the Company or its subsidiaries or affiliates, and who promote the creation of long-term value for the Company’s shareholders by closely aligning the interests of participants with those of shareholders.

Term. The Plan became effective May 13, 2009. Subject to earlier termination by the Board of Directors, the Plan shall terminate at the close of business on May 12, 2019. After the termination of the Plan either upon such stated expiration date or its earlier termination by the Board, no additional Awards may be granted under the Plan, but previously granted Awards (and the authority of the Plan Committee with respect thereto, including the authority to amend such Awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of the Plan.

Administration. The Plan is administered by the committee designated by the Board of Directors, currently the Compensation Committee (the “Plan Committee”). Subject to the terms of the Plan, the Plan Committee has, among other powers, the authority to select individuals to receive Awards under the Plan, to determine the type, number, vesting requirements, acceleration of vesting and other features and conditions of Awards made under the Plan, to interpret the Plan and the agreements evidencing Awards made under the Plan, and to make all other decisions and determinations that may be required or as the Plan Committee deems necessary or advisable related to the operation of the Plan.

Types of Awards. The Plan provides that the Plan Committee may grant stock options and restricted stock awards to participants selected by the Plan Committee. Options awarded under the Plan may be either options that qualify as incentive stock options (“ISOs”) under Section 422 of the Internal Revenue Code, options that do not, or cease to, qualify as incentive stock options

under the Internal Revenue Code (“non-statutory stock options” or “NSOs”) and stock awards (“Restricted Stock Awards”) comprised of shares of Common Stock.

Eligibility for Awards. Awards may be granted under the Plan to directors, officers, and employees of the Company or its affiliates. As of the Record Date, there are approximately 57 employees, including officers, and five non-employee directors eligible to participate in the Plan.

Shares Available; Adjustments. The maximum number of shares of the Common Stock that may be used pursuant to Awards under the Plan is 737,870 shares, after adjustment for the 2-for-1 stock split effected through a 100% stock dividend declared in May 2011 and as previously amended by the Board of Directors. Pursuant to the amendment approved by shareholders at the 2014 Annual Meeting of Shareholders, all shares remaining in the Plan are available for grants as either Stock Options or Restricted Stock Awards.

As amended, the maximum number of shares of the Common Stock that may be used pursuant to Awards under the Plan is 75,737,870. At the Record Date, there were 356,192 shares of Common Stock available for grant under the Plan. If Proposal IV is approved (and Proposal II is approved), there would be approximately 75,356,192 shares of the Common Stock available for grant under the Plan.

Shares delivered in accordance with the Plan shall be either authorized and unissued shares, shares purchased in the market or treasury shares, or partly out of each, as shall be determined by the Board. The Plan Committee will determine the appropriate adjustments, if any, to the number of shares available under the Plan and to awards under the Plan in the case of recapitalization, forward or reverse split, stock dividend, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution, or other similar corporate transaction.

Terms of Stock Options. A Stock Option gives the recipient the right to purchase shares of Common Stock at a future date at a specified price per share (the “exercise price”). The per share exercise price of a Stock Option may not be less than the Fair Market Value of a share of Common Stock on the date of grant. “Fair Market Value” means: (a) if the shares are not traded on a national securities exchange, but are traded on the over-the-counter market, if bid and asked prices for the shares are regularly reported, the mean between the bid and the asked price for the shares at the close of trading in the over-the-counter market on the applicable date, or (b) if the applicable date is not a trading day, on the trading day immediately preceding the applicable date; or (c) in the absence of such markets for the shares, the Fair Market Value shall be determined in good faith by the Plan Committee. The Plan Committee may impose additional conditions upon the right of an optionee to exercise any Option granted hereunder which are not inconsistent with the terms of the Plan. If such Option is intended to qualify as an Incentive Stock Option, within the meaning of Section 422 of the Internal Revenue Code, then such Awards will also comply with additional restrictions under Section 422 of the Internal Revenue Code as set forth in the Plan. (see “Federal Income Tax Treatment of Awards under the Plan” below).

Exercise of Options. No shares of Common Stock may be issued upon the exercise of an Option until the Company has received full payment of the exercise price, and no optionee shall have any of the rights of a shareholder of the Company until shares of Common Stock are issued to such optionee.

Terms of Restricted Stock. Restricted Stock is stock that is subject to certain restrictions and to a risk of forfeiture. A Restricted Stock Award is a grant of a certain number of shares of Common Stock subject to the lapse of certain restrictions (such as continued service for a minimum period) determined by the Plan Committee. Participants shall receive dividends and other distributions declared and paid on the shares subject to a Restricted Stock Award.

Vesting of Awards. Awards granted to date under the Plan generally vest at the rate of 20% per year over a period of five years beginning one year from the date of grant. The Company may, however, consider acceleration of such vesting schedule or provide for a more rapid vesting schedule at the time of the Award. Restricted Stock Awards to the most highly compensated executive, however, may not fully vest during any period that the Treasury holds an investment in the Company's Series A Preferred Stock under the TARP Capital Purchase Program.

Financial Reporting. The Company recognizes compensation expenses related to Awards under the Plan as such Awards vest. For Stock Options, compensation expense is based on the fair value of the Stock Option at the date of grant which is usually computed in accordance with the Black-Scholes Option Pricing Model. For Restricted Stock Awards, compensation expense is based on the fair market value of the Common Stock on the date of grant which is usually based on the most recent trading price of the Common Stock.

Change in Control. Unless otherwise determined by the Plan Committee, and subject to the limitations applicable to Cecil Bancorp and Cecil Bank as a result of Cecil Bancorp's participation in the TARP Capital Purchase Program, upon a Change in Control of Cecil Bancorp or Cecil Bank, each Stock Option then outstanding shall become fully earned and exercisable and remain exercisable for its remaining term and all Restricted Stock Awards then outstanding shall be fully earned, be deemed earned and non-forfeitable and be free of restrictions.

Amendments and Termination. Subject to applicable laws and regulations, the Board of Directors may, from time to time, amend, modify or suspend the Plan, in whole or in part; provided, however, that no such amendment may have the effect of repricing the exercise price of Stock Options, except if such action is approved by a vote of shareholders. No Awards may be granted during any period that the Board of Directors suspends the Plan.

The Board of Directors may terminate the Plan at any time, subject to applicable laws and regulations. Upon termination of the Plan, no additional Awards may be granted under the Plan, but previously granted Awards (and the authority of the Plan Committee with respect thereto, including the authority to amend such Awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of the Plan.

Federal Income Tax Treatment of Awards Under the Plan

The following discussion of the general tax principles applicable to the Plan summarizes the federal income tax consequences of the Plan under current federal law, which is subject to change at any time. This summary is not intended to be exhaustive and, among other considerations, does not describe state or local tax consequences.

Non-Statutory Stock Options. The optionee generally recognizes taxable income in an amount equal to the difference between the Option exercise price and the Fair Market Value of the shares at the time of exercise. Generally, the Company will receive a tax deduction equal to the ordinary income recognized by the optionee.

Incentive Stock Options. The optionee generally does not recognize taxable income upon exercise of an Incentive Stock Option. If the optionee does not dispose of the Common Stock acquired upon exercise for the required holding periods of two years from the date of grant and one year from the date of exercise, income from a subsequent sale of the shares is treated as a capital gain for tax purposes. However, the difference between the Option exercise price and the Fair Market Value of the Common Stock on the date of Option exercise is an item of tax preference, which may, in certain situations, trigger the alternative minimum tax for an optionee. However, if the optionee disposes of the shares prior to the expiration of the required holding periods, the optionee has made a disqualifying disposition of the stock. Upon a disqualifying disposition, the optionee will recognize taxable income equal to the difference between the exercise price and the Fair Market Value of the Company Common Stock on the date of exercise, and the Company will, generally, receive a tax deduction equal to the ordinary income recognized by the optionee.

Restricted Stock. Generally, the recipient of a Restricted Stock Award recognizes ordinary income, and the Company is entitled to a corresponding deduction, equal to the Fair Market Value of the stock upon the lapse of any transfer or forfeiture restrictions placed on the shares (i.e., upon vesting of the shares). A Restricted Stock Award recipient who makes an election under Section 83(b) of the Internal Revenue Code, however, recognizes ordinary income equal to the Fair Market Value of the stock at the time of grant, rather than at the time restrictions lapse, and the Company is, generally, entitled to a corresponding deduction at that time. If the recipient makes a Section 83(b) election, there are no further federal income tax consequences to either the recipient or the Company at the time any applicable transfer or forfeiture restrictions lapse. A recipient of a Restricted Stock Award may elect to have a portion of such Award withheld by the Company in order to meet any necessary tax withholding obligations.

Limitations on Tax Deductibility. In accordance with the Emergency Economic Stabilization Act of 2008, as amended (“EESA”), which applies to the Company as a result of its participation in the TARP Capital Purchase Program, the Company’s tax deductions for compensation paid to the three most highly paid executives is limited to no more than \$500,000 per executive per year during periods that securities of the Company are held by the Treasury under the TARP Capital Purchase Program. The deductibility of Awards under the Plan may be limited as a result of this restriction under the TARP Capital Purchase Program.

Vote Required and Recommendation of the Board of Directors

If a quorum is present, Proposal IV will be approved if the votes cast in favor of the proposal exceed the votes cast against the proposal. Holders of shares of Common Stock and holders of shares of Series B Preferred Stock will vote together on Proposal IV as a single class. Abstentions and broker non-votes will have no effect on this proposal. It is expected that substantially all of the 199,247 shares, or 2.68%, of the Common Stock outstanding as of the Record Date and substantially all of the 275 shares, or 0.17%, of the Series B Preferred Stock outstanding as of the Record Date over which directors and executive officers of Cecil Bancorp exercise voting power will be voted for the proposed amendment to the Plan. The Board of Directors recommends that shareholders vote **FOR** the proposed amendment to the Plan.

PROPOSAL V—ADJOURNMENT OF THE ANNUAL MEETING

If Cecil Bancorp does not receive a sufficient number of votes to approve Proposal II, III or IV at the time of the Annual Meeting, it may propose to adjourn the Annual Meeting, if a quorum is present, from time to time for a period of no more than 29 days from the original date of the Annual Meeting without further notice, with the approval of a majority of votes cast on the matter, with holders of shares of Common Stock and holders of shares of Series B Preferred Stock voting together on this proposal as a single class. The Company currently does not intend to propose an adjournment of the Annual Meeting if there are sufficient votes to approve Proposals II, III and IV. The Board of Directors has determined and believes that the proposal to adjourn the Annual Meeting, if necessary to solicit additional proxies if there are not sufficient votes in favor of Proposal II, III or IV, is advisable and in the best interests of Cecil Bancorp's shareholders, and has approved and adopted the proposal. If the Board of Directors desires to adjourn the Annual Meeting, the presiding officer of the Annual Meeting will request a motion that the Annual Meeting be adjourned with respect to Proposal II, III or IV, as applicable, (provided that a quorum is present (in person or by proxy) at the Annual Meeting), and no vote will be taken on such proposal(s) at the originally scheduled Annual Meeting. Unless revoked prior to its use, any proxy solicited for the Annual Meeting will continue to be valid for any adjourned meeting, and will be voted in accordance with instructions contained therein, and if no contrary instructions are given, for Proposal II, III and IV. Accordingly, the Board of Directors recommends that shareholders vote **FOR** Proposal V for adjournment of the Annual Meeting if necessary to permit the further solicitation of proxies.

CERTAIN TRANSACTIONS

Cecil Bancorp has, and expects to have in the future, banking transactions with certain officers and directors of Cecil Bancorp and Cecil Bank and greater than 5% shareholders of Cecil Bancorp and their immediate families and associates. These transactions are in the ordinary course of business, and loans have been and will be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons. In the opinion of management, these loans did not involve more than normal risk of collectibility or present other unfavorable features.

OWNERS OF MORE THAN 5% OF CECIL BANCORP'S VOTING SECURITIES

The following table shows the Common Stock and Series B Preferred Stock beneficially owned by persons known to Cecil Bancorp to be the beneficial owner of more than 5% of any class of Cecil Bancorp's voting securities as of the Record Date. The Articles of Incorporation provide that the holders of the Series B Preferred Stock vote with the holders of the Common Stock on each matter presented for a vote of common shareholders, so the Series B Preferred Stock is not considered a separate class of voting securities. In addition, the U.S. Department of the Treasury holds a warrant to purchase 523,076 shares of the Common Stock at \$3.313 per share. If exercised, such shares would represent 7.04% of shares of Common Stock then outstanding.

<u>Name and Address</u>	<u>Common Stock</u>		<u>Series B Preferred Stock</u>		<u>Percent of Total Voting Power ⁽³⁾</u>
	<u>Amount and Nature of Beneficial Ownership ⁽¹⁾</u>	<u>Percent of Class ⁽²⁾</u>	<u>Amount and Nature of Beneficial Ownership ⁽¹⁾</u>	<u>Percent of Class ⁽²⁾</u>	
Charles F. Sposato P.O. Box 1258 Tavernier, FL 33070	883,303	11.89%	--	--	10.85%
Mary B. Halsey 207 Smith Road Rising Sun, MD 21911	423,373	5.70%	400	0.24%	5.25%
First Mariner Bank 1501 South Clinton Street 16 th Floor Baltimore, MD 21224	1,848,115	24.88%	--	--	11.26%
Philip E. Klein 2009 Non-Exempt Family Trust c/o Klein Enterprises 11299 Owings Mills Blvd, Suite 200 Owings Mills, MD 21117	--	--	46,512	28.28%	5.71%
Denise Fair 101 Tim Tam Court Havre de Grace, MD 21078	--	--	43,605	26.52%	5.36%

- (1) Beneficial ownership includes shares that the person has or shares voting or investment power over. Unless otherwise indicated, ownership is direct and the named individual exercises sole voting and investment power over the shares listed as beneficially owned by such person. A decision to disclaim beneficial ownership or to include shares held by others is made by the shareholder, not by Cecil Bancorp. Beneficial ownership has been adjusted for the two-for-one stock split effected through a 100% stock dividend declared in May 2011.
- (2) Based on 7,428,064 shares of Cecil Bancorp Common Stock and 164,250 shares of Series B Preferred Stock issued and outstanding on the Record Date. Calculated by Cecil Bancorp based upon shares reported as beneficially owned by the listed persons and shares of Cecil Bancorp Common Stock outstanding at as of the Record Date.
- (3) Percent of total voting power with respect to all shares of our Common Stock and Series B Preferred Stock, voting together as a single class. Each holder of Common Stock is entitled to one vote per share of Common Stock and each

holder of Series B Preferred Stock is entitled to 10 votes per share on all matters submitted to common shareholders for a vote. The Common Stock and Series B Preferred Stock vote together as a single class on all matters submitted to common shareholders for a vote. Each share of Series B Preferred Stock is convertible at the option of the holder into 10 shares of the Common Stock. Under Cecil Bancorp's Articles of Incorporation, any shares beneficially owned by any person in excess of 10% of the outstanding voting stock are only entitled to one one-hundredth of a vote per share unless the acquisition of such beneficial ownership was approved in advance by the Continuing Directors.

INDEPENDENT AUDITORS

A representative of Stegman & Company, Cecil Bancorp's independent public accounting firm, is expected to be present at the Annual Meeting to respond to shareholders' questions and will have the opportunity to make a statement.

OTHER MATTERS

The Board is not aware of any business to come before the Annual Meeting other than those matters described above in this Proxy Statement and matters incident to the conduct of the Annual Meeting. However, if any other matters should properly come before the Annual Meeting, it is intended that proxies in the accompanying form will be voted as determined by a majority of the Board of Directors.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in blue ink that reads "Thomas L. Vaughan SR." with a stylized flourish at the end.

THOMAS L. VAUGHAN, SR.
Secretary

Elkton, Maryland
June 5, 2015

**PROPOSED AMENDMENTS TO
ARTICLES OF INCORPORATION OF CECIL BANCORP, INC.**

The first two sentences of the first paragraph of Article VI of the Amended Articles of Incorporation (the “Articles”) of Cecil Bancorp, Inc. (the “Corporation”) are hereby amended to read as follows:

The aggregate number of shares of all classes of capital stock which the Corporation has the authority to issue is 1,501,000,000,¹ of which 1,000,000,000² are to be shares of common stock, \$.01 par value per share, of which 500,000,000 are to be shares of non-voting common stock, \$.01 par value per share (the “Non-Voting Common Stock”),³ and of which 1,000,000 are to be shares of serial preferred stock, \$.01 par value per share. The aggregate par value of all shares of capital stock is \$15,010,000.⁴

Following the sixth paragraph of Article VI of the Articles, the new paragraph below is inserted as follows:

¹ As shown, the total number of authorized shares of the Corporation’s capital stock assumes that the Corporation’s shareholders approve both Proposal II and Proposal III at the Corporation’s 2015 Annual Meeting of Shareholders (the “Annual Meeting”). The Articles currently authorize for issuance 101,000,000 shares of capital stock. If one but not both of Proposal II and Proposal III is approved by the Corporation’s shareholders at the Annual Meeting, the total number of authorized shares will be updated as appropriate to reflect the approved amendment to the Articles.

² As shown, the total number of authorized shares of the Corporation’s common stock assumes that the Corporation’s shareholders approve Proposal II at the Annual Meeting. The Articles currently authorize for issuance 100,000,000 shares of common stock. If Proposal III is approved but Proposal II is not approved, the total number of authorized shares of the Corporation’s capital stock and total number of authorized shares of the Corporation’s common stock would be updated to reflect authorization for issuance of 100,000,000 shares of common stock rather than 1,000,000,000.

³ As shown, the first paragraph of Article VI assumes that the Corporation’s shareholders approve Proposal III at the Annual Meeting. The Articles currently do not authorize for issuance any shares of Non-Voting Common Stock. If Proposal II is approved but Proposal III is not approved, the total number of authorized shares of the Corporation’s capital stock would be updated to reflect authorization for issuance of 1,000,000,000 shares of common stock and 1,000,000 shares of serial preferred stock only.

⁴ As shown, the aggregate par value of all shares of the Corporation’s capital stock assumes that the Corporation’s shareholders approve Proposal II and Proposal III at the Annual Meeting. The aggregate par value of all shares of the Corporation’s capital stock currently authorized for issuance by the Articles is \$1,010,000. If Proposal II is approved but Proposal III is not approved by the Corporation’s shareholders at the Annual Meeting or vice versa, the aggregate par value of the Corporation’s capital stock will be updated as appropriate to reflect only the approved amendment to the Articles.

Non-Voting Common Stock. Except with respect to voting rights and as otherwise provided in these Articles, shares of Non-Voting Common Stock shall have the same preferences, limitations, and relative rights, and shall be identical in all respects, to shares of common stock. Each share of Non-Voting Common Stock shall have the same relative powers, preferences and rights as, and shall be identical in all respects with, all of the other shares of Non-Voting Common Stock of the Corporation. Except as required by applicable law or these Articles, holders of shares of Non-Voting Common Stock shall not have the right to vote on any matter submitted to a vote at a meeting of shareholders of the Corporation.⁵

⁵ This new paragraph will be added to Article VI of the Corporation's Articles only if shareholders approve Proposal III at the Annual Meeting.

**PROPOSED AMENDMENTS TO
CECIL BANCORP, INC.
2009 EQUITY INCENTIVE PLAN
(as amended through June 25, 2014)**

1. PURPOSE OF PLAN.

The purpose of this 2009 Equity Incentive Plan is to provide incentives and rewards to officers, employees and directors who contribute to the long-term success and growth of Cecil Bancorp, Inc., and its Affiliates, and to assist these entities in attracting and retaining directors, officers and other selected employees with necessary experience and ability required to aid the Company in increasing the long-term value of the Company for the benefit of its shareholders.

2. DEFINITIONS.

“**Affiliate**” means any “**parent corporation**” or “**subsidiary corporation**” of the Company, as such terms are defined in Sections 424(e) and 424(f) of the Code. The term Affiliate shall include the Bank.

“**Award**” means Restricted Stock Awards and/or Stock Options, as set forth in Section 6 of the Plan.

“**Bank**” means Cecil Bank, and any successors thereto.

“**Beneficiary**” means the person or persons designated by the Participant to receive any benefits payable under the Plan in the event of such Participant’s death. Such person or persons shall be designated in writing by the Participant and addressed to the Company or the Committee on forms provided for this purpose by the Committee, and delivered to the Company or the Committee. Such Beneficiary designation may be changed from time to time by similar written notice to the Committee. A Participant’s last will and testament or any codicil thereto shall not constitute written designation of a Beneficiary. In the absence of such written designation, the Beneficiary shall be the Participant’s surviving spouse, if any, or if none, the Participant’s estate.

“**Board of Directors**” means the board of directors of the Company.

“**Cause**” means the personal dishonesty, incompetence, willful misconduct, breach of fiduciary duty involving personal profits, intentional failure to perform stated duties, willful violation of a material provision of any law, rule or regulation (other than traffic violations and similar offense), or a material violation of a final cease-and-desist order or any other action which results in a substantial financial loss to the Company or its Affiliates.

“Change in Control” shall mean: (i) the sale of all, or a material portion, of the assets of the Company or its Affiliates; (ii) the merger or recapitalization of the Company whereby the Company is not the surviving entity; (iii) a change in control of the Company, as otherwise defined or determined by the Company’s applicable banking regulatory agency or regulations promulgated by it; or (iv) the acquisition after the effective date of the Plan, directly or indirectly, of the beneficial ownership (within the meaning of that term as it is used in Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) of twenty-five percent (25%) or more of the outstanding voting securities of the Company by any person, trust, entity or group. This limitation shall not apply to the purchase of shares by underwriters in connection with a public offering of Company stock or the purchase of shares of up to 25% of any class of securities of the Company by a tax-qualified employee stock benefit plan sponsored by the Company. The term “person” refers to an individual or a corporation, partnership, trust, association, joint venture, pool, syndicate, sole proprietorship, unincorporated organization or any other form of entity not specifically listed herein.

“Code” means the Internal Revenue Code of 1986, as amended.

“Committee” means the Board of Directors of the Company or the administrative committee designated, pursuant to Section 3 of the Plan, to administer the Plan.

“Common Stock” or **“Shares”** means shares of common stock of the Company.

“Company” means Cecil Bancorp, Inc., and any successor entity or any future parent corporation of the Bank.

“Director” means a person serving as a member of the Board of Directors of the Company from time to time.

“Director Emeritus” means a person serving as a director emeritus, advisory director, consulting director or other similar position as may be appointed by the Board of Directors of the Company or the Bank from time to time.

“Disability” means (a) with respect to Incentive Stock Options, the “permanent and total disability” of the Employee as such term is defined at Section 22(e)(3) of the Code; and (b) with respect to other Awards, a condition of incapacity of a Participant which renders that person unable to engage in the performance of his or her duties by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

“Effective Date” shall mean the date of stockholder approval of the Plan by the stockholders of the Company.

“Eligible Participant” means an Employee or Outside Director who may receive an Award under the Plan.

“**Employee**” means any person employed by the Company or an Affiliate. Directors who are also employed by the Company or an Affiliate shall be considered Employees under the Plan.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Exercise Price**” means the price at which an individual may purchase a share of Common Stock pursuant to an Option.

“**Fair Market Value**” means a) for a security traded on a national securities exchange, including the Nasdaq Global market, the last reported sales price reported on such date or, if the Common Stock was not traded on such date, on the immediately preceding day on which the Common Stock was traded thereon or the last previous date on which a sale is reported; b) if the Shares are not traded on a national securities exchange, but are traded on the over-the-counter market, if sales prices are not regularly reported for the Shares for the trading day referred to in clause (a), and if bid and asked prices for the Shares are regularly reported, the mean between the bid and the asked price for the Shares at the close of trading in the over-the-counter market on the applicable date, or if the applicable date is not a trading day, on the trading day immediately preceding the applicable date; and (c) in the absence of such markets for the Shares, the Fair Market Value shall be determined in good faith by the Committee.

“**Incentive Stock Option**” means a Stock Option granted under the Plan, that is intended to meet the requirements of Section 422 of the Code.

“**Non-Statutory Stock Option**” means a Stock Option granted to an individual under the Plan that is not intended to be and is not identified as an Incentive Stock Option, or an Option granted under the Plan that is intended to be and is identified as an Incentive Stock Option, but that does not meet the requirements of Section 422 of the Code.

“**Option**” or “**Stock Option**” means an Incentive Stock Option or a Non-Statutory Stock Option, as applicable.

“**Outside Director**” means a member of the Board of Directors of the Company who is not also an Employee.

“**Parent**” means any present or future corporation which would be a “parent corporation” of the Bank or the Company as defined in Sections 424(e) and (g) of the Code.

“**Participant**” means an individual who is granted an Award pursuant to the terms of the Plan; provided, however, upon the death of a Participant, the term “Participant” shall also refer to a Beneficiary designated in accordance with the Plan.

“**Plan**” means this Cecil Bancorp, Inc. 2009 Equity Incentive Plan.

“**Restricted Stock Award**” means an Award of shares of restricted stock granted to a Participant pursuant to Section 6.1(b) of the Plan.

“**Trust**” shall mean any grantor trust established by the Company for purposes of administration of the Plan.

“**Trustee**” or “**Trustee Committee**” means that person(s) or entity appointed by the Committee to hold legal title to the Plan assets under any Trust for the purposes set forth herein.

3. ADMINISTRATION.

- (a) **Committee.** The Committee shall administer the Plan. The Committee shall consist of two or more disinterested directors of the Company, who shall be appointed by the Board of Directors. A member of the Board of Directors shall be deemed to be disinterested only if he or she satisfies: (i) such requirements as the Securities and Exchange Commission may establish for non-employee directors administering plans intended to qualify for exemption under Rule 16b-3 (or its successor) of the Exchange Act and (ii) and to the extent deemed appropriate by the Board of Directors, such requirements as the Internal Revenue Service may establish for outside directors acting under plans intended to qualify for exemption under Section 162(m)(4)(C) of the Code; provided, however, a failure to comply with the requirements of subparagraphs (i) and (ii) shall not disqualify any actions taken by the Committee. A majority of the entire Committee shall constitute a quorum and the action of a majority of the members present at any meeting at which a quorum is present shall be deemed the action of the Committee. In no event may the Committee revoke outstanding Awards without the consent of the Participant. All decisions, determinations and interpretations of the Committee shall be final and conclusive on all persons affected thereby.
- (b) **Authority of Committee.** Subject to paragraph (a) of this Section 3, the Committee shall:
 - (i) select the individuals who are to receive grants of Awards under the Plan;
 - (ii) determine the type, number, vesting requirements, acceleration of vesting and other features and conditions of Awards made under the Plan;
 - (iii) interpret the Plan and Award Agreements (as defined below); and
 - (iv) make all other decisions and determinations that may be required or as the Committee deems necessary or advisable related to the operation of the Plan.
- (c) **Awards.** Each Award granted under the Plan shall be evidenced by a written agreement (i.e., an “Award Agreement”). Each Award Agreement shall constitute a binding contract between the Company or an Affiliate and the Participant, and every Participant, upon acceptance of an Award Agreement, shall be bound by the terms and restrictions of the Plan and the Award Agreement. The terms of each Award Agreement shall be set in accordance with the Plan, but each Award

Agreement may also include any additional provisions and restrictions determined by the Committee. In particular, and at a minimum, the Committee shall set forth in each Award Agreement:

- (i) the type of Award granted;
- (ii) the Exercise Price for any Option;
- (iii) the number of shares or rights subject to the Award;
- (iv) the expiration date of the Award;
- (v) the manner, time and rate (cumulative or otherwise) of exercise or vesting of the Award; and
- (vi) the restrictions, if any, placed on the Award, or upon shares which may be issued upon the exercise or vesting of the Award.

The Chairman of the Committee and/or the President of the Company are hereby authorized to execute Award Agreements on behalf of the Company or an Affiliate and to cause them to be delivered to the Participants granted Awards under the Plan.

- (d) **Six-Month Holding Period.** Subject to vesting requirements, if applicable, except in the event of death or Disability of the Participant or a Change in Control of the Company, a minimum of six months must elapse between the date of the grant of an Option and the date of the sale of the Common Stock received through the exercise of such Option.

4. ELIGIBILITY.

Subject to the terms of the Plan, Employees and Outside Directors, as the Committee shall determine from time to time, shall be eligible to receive Awards in accordance with the Plan.

5. SHARES OF COMMON STOCK SUBJECT TO THE PLAN; SHARE LIMITS.

5.1 Shares Available. Subject to the provisions of Section 7, the Common Stock that may be delivered under this Plan shall be shares of the Company's authorized but unissued Common Stock, shares of Common Stock purchased in the open-market by the Company or any Trust established for purposes of administration of the Plan and any shares of Common Stock held as treasury shares.

5.2 Share Limits. The maximum number of shares of Common Stock that may be delivered pursuant to Awards granted under this Plan (the "Share Limit") equals 737,870 shares.

5.3 Awards Settled in Cash, Reissue of Awards and Shares. To the extent that an Award is settled in cash or a form other than shares of Common Stock, or if shares of Common Stock are withheld from an Award for tax purposes, then the shares that would have been delivered had there been no such cash or other settlement shall be counted against the shares available for issuance under this Plan. Shares that are subject to or underlie Awards which expire or for any reason are cancelled or terminated, are forfeited, fail to vest, or for any other reason are not paid or delivered under this Plan shall again be available for subsequent Awards under this Plan.

5.4 Reservation of Shares; No Fractional Shares; Minimum Issue. The Company shall at all times reserve a number of shares of Common Stock sufficient to cover the Company's obligations and contingent obligations to deliver shares with respect to Awards then outstanding under this Plan. No fractional shares shall be delivered under this Plan. The Committee may pay cash in lieu of any fractional shares in settlements of Awards under this Plan. No fewer than 100 shares may be purchased on exercise of any Stock Option unless the total number purchased or exercised is the total number at the time available for purchase or exercise by the Participant.

6. AWARDS.

6.1 Except as otherwise detailed herein, the Committee shall determine the type or types of Award(s) to be made to each Eligible Participant or Outside Director. Awards may be granted singularly, in combination or in tandem. Awards also may be made in combination or in tandem with, in replacement of, as alternatives to, or as the payment form for grants or rights under any other employee or compensation plan of the Company. The types of Awards that may be granted under this Plan are Stock Options and Restricted Stock Awards, as follows:

(a) Stock Options.

The Committee may, subject to the limitations of this Plan and the availability of shares of Common Stock reserved but not previously awarded under the Plan, grant Stock Options to Employees and Outside Directors, subject to terms and conditions as it may determine, to the extent that such terms and conditions are consistent with the following provisions:

- (i) **Exercise Price.** The Exercise Price of Stock Options shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock on the date of grant.
- (ii) **Terms of Options.** In no event may an individual exercise an Option, in whole or in part, more than ten (10) years from the date of grant.
- (iii) **Non-Transferability.** Unless otherwise determined by the Committee, an individual may not transfer, assign, hypothecate, or dispose of an Option in any manner, other than by will or the laws of intestate succession. The Committee may, however, in its sole discretion, permit the transfer or assignment of a Non-Statutory Stock Option, if it determines that the

transfer or assignment is for valid estate planning purposes and is permitted under the Code and Rule 16b-3 of the Exchange Act. For purposes of this Section 6.1(a), a transfer for valid estate planning purposes includes, but is not limited to, transfers:

- (1) to a revocable *inter vivos* trust, as to which an individual is both settlor and trustee;
- (2) for no consideration to: (a) any member of the individual's Immediate Family; (b) a trust solely for the benefit of members of the individual's Immediate Family; (c) any partnership whose only partners are members of the individual's Immediate Family; or (d) any limited liability corporation or other corporate entity whose only members or equity owners are members of the individual's Immediate Family.

For purposes of this Section 6.1, "Immediate Family" includes, but is not necessarily limited to, a Participant's parents, grandparents, spouse, children, grandchildren, siblings (including half brothers and sisters), and individuals who are family members by adoption. Nothing contained in this Section 6.1 shall be construed to require the Committee to give its approval to any transfer or assignment of any Non-Statutory Stock Option or portion thereof, and approval to transfer or assign any Non-Statutory Stock Option or portion thereof does not mean that such approval will be given with respect to any other Non-Statutory Stock Option or portion thereof. The transferee or assignee of any Non-Statutory Stock Option shall be subject to all of the terms and conditions applicable to such Non-Statutory Stock Option immediately prior to the transfer or assignment and shall be subject to any other conditions prescribed by the Committee with respect to such Non-Statutory Stock Option.

- (iv) **Special Rules for Incentive Stock Options.** Notwithstanding the foregoing provisions, the following rules shall further apply to grants of Incentive Stock Options:

- (1) If an Employee owns or is treated as owning, for purposes of Section 422 of the Code, Common Stock representing more than ten percent (10%) of the total combined voting securities of the Company at the time the Committee grants the Incentive Stock Option (a "10% Owner"), the Exercise Price shall not be less than one hundred and ten percent (110%) of the Fair Market Value of the Common Stock on the date of grant.

- (2) An Incentive Stock Option granted to a 10% Owner shall not be exercisable more than five (5) years from the date of grant.
 - (3) To the extent the aggregate Fair Market Value of shares of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Employee during any calendar year, under the Plan or any other stock option plan of the Company, exceeds \$100,000, or such higher value as may be permitted under Section 422 of the Code, Incentive Stock Options in excess of the \$100,000 limit shall be treated as Non-Statutory Stock Options. Fair Market Value shall be determined as of the date of grant for each Incentive Stock Option.
 - (4) Each Award Agreement for an Incentive Stock Option shall require the individual to notify the Committee within ten (10) days of any disposition of shares of Common Stock under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions).
 - (5) Incentive Stock Options may only be awarded to an Employee of the Company or its Affiliates.
- (v) **Option Awards to Outside Directors.** Subject to the limitations of Section 6.4(a), the Committee may award Non-Statutory Stock Options to purchase shares of Common Stock to each Outside Director of the Company at an Exercise Price equal to the Fair Market Value of the Common Stock on such date of grant. The Options will be first exercisable at the rate of 20% on the one year anniversary of the date of grant of such Award and 20% annually thereafter during periods of continuing service as a Director or Director Emeritus. Upon the death or Disability of the Director or Director Emeritus, such Option shall be deemed immediately 100% exercisable. Such Options shall continue to be exercisable for a period of ten years following the date of grant without regard to the continued services of such Director as a Director or Director Emeritus. In the event of the Director's death, such Options may be exercised by the Beneficiary or the personal representative of his estate or person or persons to whom his rights under such Option shall have passed by will or by the laws of descent and distribution. Options may be granted to newly appointed or elected Outside Directors within the sole discretion of the Committee. The Exercise Price per share of such Options granted shall be equal to the Fair Market Value of the Common Stock at the time such Options are granted. All outstanding Awards shall become immediately exercisable in the event of a Change in Control of the Bank or the Company. Unless otherwise inapplicable, or inconsistent with the

provisions of this paragraph, the Options to be granted to Outside Directors hereunder shall be subject to all other provisions of this Plan.

(b) **Restricted Stock Awards.**

The Committee may make grants of Restricted Stock Awards, which shall consist of the grant of some number of shares of Common Stock to an individual upon such terms and conditions as it may determine, to the extent such terms and conditions are consistent with the following provisions:

- (i) **Grants of Stock.** Restricted Stock Awards may only be granted in whole shares of Common Stock.
- (ii) **Non-Transferability.** Except to the extent permitted by the Code, the rules promulgated under Section 16(b) of the Exchange Act or any successor statutes or rules:
 - (1) The recipient of a Restricted Stock Award grant shall not sell, transfer, assign, pledge, or otherwise encumber shares subject to the grant until full vesting of such shares has occurred. For purposes of this Section 6.1, the separation of beneficial ownership and legal title through the use of any “swap” transaction is deemed to be a prohibited encumbrance.
 - (2) Unless otherwise determined by the Committee, and except in the event of the Participant’s death or pursuant to a qualified domestic relations order, a Restricted Stock Award grant is not transferable and may be earned only by the individual to whom it is granted during his or her lifetime. Upon the death of a Participant, a Restricted Stock Award shall be transferred to the Beneficiary. The designation of a Beneficiary shall not constitute a transfer.
 - (3) If the recipient of a Restricted Stock Award is subject to the provisions of Section 16 of the Exchange Act, shares of Common Stock subject to the grant may not, without the written consent of the Committee (which consent may be given in the Award Agreement), be sold or otherwise disposed of within six (6) months following the date of grant.
- (iii) **Issuance of Certificates.** The Committee shall take such action as is reasonably necessary for the prompt issuance of shares of Common Stock to be issued pursuant to a Restricted Stock Award prior to the time that such Award shall be deemed earned and non-forfeitable, with such stock certificate evidencing such shares registered in the name of the Participant to whom the Restricted Stock Award was granted; provided, however, that the Company may not cause a stock certificate to be issued unless it has

received a stock power duly endorsed in blank with respect to such shares. Further, each such stock certificate shall bear the following legend:

THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE RESTRICTIONS, TERMS AND CONDITIONS (INCLUDING FORFEITURE PROVISIONS AND RESTRICTIONS AGAINST TRANSFER) CONTAINED IN THE CECIL BANCORP, INC. 2009 EQUITY INCENTIVE PLAN AND THE RELATED AWARD AGREEMENT ENTERED INTO BETWEEN THE REGISTERED OWNER OF SUCH SHARES AND THE CECIL BANCORP, INC. THE PLAN AND AWARD AGREEMENT IS ON FILE IN THE OFFICE OF THE CORPORATE SECRETARY OF CECIL BANCORP, INC.

This legend shall not be removed until the individual becomes vested in such Restricted Stock Award pursuant to the terms of the Plan and respective Award Agreement. Each certificate issued pursuant to this Section 6.1(b) shall be held by the Company or its Affiliates, unless the Committee determines otherwise.

- (iv) **Treatment of Dividends.** Participants are entitled to all dividends and other distributions declared and paid on all shares of Common Stock subject to a Restricted Stock Award from and after the date of grant of such Restricted Stock Award. Such dividends and other distributions shall be distributed to the holder of such Restricted Stock Award within 30 days of the payment date applicable to such distributions declared and paid with respect to the Common Stock; provided that in the event of the forfeiture of such Restricted Stock Award, all future dividend rights shall cease.
- (v) **Voting Rights Associated with of Restricted Stock Awards.** Restricted Stock Awards may be granted with or without voting rights as the Committee shall determine and shall set forth in the relevant Award Agreement. In the event the Award Agreement for a Restricted Stock Award does not expressly provide for voting rights, the Participant receiving such Restricted Stock Award shall not exercise voting rights with respect to such shares until such shares ~~Voting rights associated with any Restricted Stock Award shall not be exercised by the Participant until certificates of Common Stock representing such Award have been issued to such Participant and the Restricted Stock Award shall be~~ are deemed earned and non-forfeitable. Any shares of Common Stock held by the Trust prior to ~~such~~ the time such shares are deemed earned and non-forfeitable shall be voted by the Trustee of such Trust as directed by the Committee; ~~Any~~ Any shares of Common Stock held by the Company prior to

such time shall be voted by the Committee in accordance with the stock power held by the Company applicable to such Awards.

- (vi) **Restricted Stock Awards to Outside Directors.** Notwithstanding anything herein to the contrary, the Committee may grant a Restricted Stock Award consisting of shares of Common Stock to each Outside Director of the Company. Such Award shall be earned and non-forfeitable at the rate of one-fifth as of the one-year anniversary of such date of grant and an additional one-fifth following each of the next four successive years during such periods of service as a Director or Director Emeritus. Such Award shall be immediately 100% earned and non-forfeitable in the event of the death or Disability of such Director. Such Award shall be immediately 100% earned and non-forfeitable upon a Change in Control of the Company or the Bank. Restricted Stock Awards may be granted to newly elected or appointed Outside Directors within the discretion of the Committee, provided that total Restricted Stock Awards granted to Outside Directors shall not exceed the limitations set forth at Section 6.4(b) herein.

6.2 Award Payouts. Awards may be paid out in the form of cash, Common Stock, or combinations thereof as the Committee shall determine in its sole discretion, and with such restrictions as it may impose.

6.3 Consideration for Stock Options. The Exercise Price for any Stock Option granted under this Plan may be paid by means of any lawful consideration as determined by the Committee, including, without limitation, one or a combination of the following methods:

- (a) cash, check payable to the order of the Company, or electronic funds transfer;
- (b) the delivery of previously owned shares of Common Stock; or
- (c) subject to such procedures as the Committee may adopt, pursuant to a “cashless exercise” with a third party who provides financing for the purposes of (or who otherwise facilitates) the purchase or exercise of such Stock Option.

In no event shall any shares newly-issued by the Company be issued for less than the minimum lawful consideration for such shares or for consideration other than consideration permitted by applicable state law. In the event that the Committee allows a Participant to exercise an Option by delivering shares of Common Stock previously owned by such Participant, any such shares delivered which were initially acquired by the Participant from the Company (upon exercise of a stock option or otherwise) must have been owned by the Participant for at least six months prior to such date of delivery. Shares of Common Stock used to satisfy the Exercise Price of an Option shall be valued at their Fair Market Value on the date of exercise. The Company will not be obligated to deliver any shares unless and until it receives full payment of the Exercise Price and any related withholding obligations under Section 9.5 have been satisfied, or until any other

conditions applicable to exercise or purchase have been satisfied. No Shares of Common Stock shall be issued until full payment has been received by the Company, and no Participant shall have any of the rights of a stockholder of the Company until shares of Common Stock are issued upon the exercise of such Stock Options. Unless expressly provided otherwise in the applicable Award Agreement, the Committee may at any time within its sole discretion eliminate or limit a Participant's ability to pay the purchase or Exercise Price of any Award by any method other than a cash payment to the Company.

6.4 Limitations on Awards.

- (a) **Stock Option Award Limitations.** During the ten year period following the Effective Date (and in no single calendar year), Shares subject to Options granted to Outside Directors in the aggregate under this Plan shall not exceed more than 10% of the total number of Shares authorized for delivery under this Plan with respect to Stock Options or exceed more than 1% of such Shares to any individual Outside Director pursuant to Section 5.2 herein. During the ten year period following the Effective Date (and in no single calendar year), the aggregate number of Shares subject to Options granted to any single Employee shall not exceed more than 33.4% of the total number of Shares authorized for delivery under the Plan pursuant to Section 5.2 herein.
- (b) **Restricted Stock Award Limitations.** During the ten year period following the Effective Date (and in no single calendar year), Shares subject to Restricted Stock Awards granted to Outside Directors in the aggregate under this Plan shall not exceed more than 10% of the total number of Shares authorized for delivery under this Plan with respect to Restricted Stock Awards or exceed more than 1% to any individual Outside Director pursuant to Section 5.2 herein.
- (c) **Vesting of Awards.** Except as otherwise provided by the terms of the Plan or by action of the Committee at the time of the grant of an Award, Stock Options will be first exercisable and Restricted Stock Awards will be earned and non-forfeitable at the rate of 20% of such Award on the one year anniversary of the date of grant and 20% annually thereafter during such periods of service as an Employee, Director or Director Emeritus. Awards will not be earned and non-forfeitable more quickly than at the rate of one-third on the one year anniversary of the grant of such award and one-third annually thereafter, except in the event of the death or Disability of the Participant or a Change in Control transaction occurring after the date of grant of such Award.

7. EFFECT OF TERMINATION OF SERVICE ON AWARDS.

7.1 General. The Committee shall establish the effect of a termination of employment or service on the continuation of rights and benefits available under an Award, and, in so doing, may make distinctions based upon, *inter alia*, the recipient of such Award, the cause of termination and the type of the Award. Notwithstanding the foregoing, the terms of Awards shall be consistent with the following, as applicable:

- (a) **Termination of Employment.** In the event that any Participant's employment with the Company shall terminate for any reason, other than Disability or death, all of any such Participant's Incentive Stock Options, and all of any such Participant's rights to purchase or receive shares of Common Stock pursuant thereto, shall automatically terminate on (A) the earlier of (i) or (ii): (i) the respective expiration dates of any such Incentive Stock Options, or (ii) the expiration of not more than three (3) months after the date of such termination of employment; or (B) at such later date as is determined by the Committee at the time of the grant of such Award based upon the Participant's continuing status as a Director or Director Emeritus of the Bank or the Company, but only if, and to the extent that, the Participant was entitled to exercise any such Incentive Stock Options at the date of such termination of employment, and further that such Award shall thereafter be deemed a Non-Statutory Stock Option.
- (b) **Disability.** In the event that any Participant's employment with the Company shall terminate as the result of the Disability of such Participant, such Participant may exercise any Incentive Stock Options previously granted to the Participant pursuant to the Plan at any time prior to the earlier of (i) the respective expiration dates of any such Incentive Stock Options or (ii) the date which is one (1) year after the date of such termination of employment, but only if, and to the extent that, the Participant was entitled to exercise any such Incentive Stock Options at the date of such termination of employment.
- (c) **Death.** In the event of the death of a Participant, any Incentive Stock Options previously granted to such Participant may be exercised by the Participant's Beneficiary or the person or persons to whom the Participant's rights under any such Incentive Stock Options pass by will or by the laws of descent and distribution (including the Participant's estate during the period of administration) at any time prior to the earlier of (i) the respective expiration dates of any such Incentive Stock Options or (ii) the date which is two (2) years after the date of death of such Participant, but only if, and to the extent that, the Participant was entitled to exercise any such Incentive Stock Options at the date of death. For purposes of this Section 7.1(c), any Incentive Stock Option held by an Participant shall be considered exercisable at the date of his death if the only unsatisfied condition precedent to the exercisability of such Incentive Stock Option at the date of death is the passage of a specified period of time. At the discretion of the Committee, upon exercise of such Options, the Beneficiary may receive Shares or cash or a combination thereof. If cash shall be paid in lieu of shares of Common Stock, such cash shall be equal to the difference between the Fair Market Value of such Shares and the exercise price of such Options on the exercise date.

7.2 Events Not Deemed Terminations of Employment or Service. Unless Company policy or the Committee provides otherwise, the employment relationship shall not be considered terminated in the case of (a) sick leave, (b) military leave, or (c) any other leave of absence authorized by the Company or the Committee; provided that, unless reemployment upon

the expiration of such leave is guaranteed by contract or law, such leave is for a period of not more than 90 days. In the case of any Employee on an approved leave of absence, continued vesting of the Award while on leave may be suspended until the Employee returns to service, unless the Committee otherwise provides or applicable law otherwise requires. In no event shall an Award be exercised after the expiration of the term set forth in the Award Agreement.

7.3 Effect of Change of Affiliate Status. For purposes of this Plan and any Award, if an entity ceases to be an Affiliate of the Company, a termination of employment or service shall be deemed to have occurred with respect to each individual who does not continue as an Employee or Outside Director with another entity within the Company after giving effect to the Affiliate's change in status.

8. ADJUSTMENTS IN CAPITAL STRUCTURE; ACCELERATION UPON A CHANGE IN CONTROL.

8.1 Adjustments in Capital Structure. Upon any reclassification, recapitalization, stock split (including a stock split in the form of a stock dividend) or reverse stock split ("stock split"); any merger, combination, consolidation, or other reorganization; any spin-off, split-up, or similar extraordinary dividend distribution with respect to the Common Stock (whether in the form of securities or property); any exchange of Common Stock or other securities of the Company, or any similar, unusual or extraordinary corporate transaction affecting the Common Stock; or a sale of all or substantially all the business or assets of the Company in its entirety; then the Committee shall proportionately adjust the Plan and the Awards thereunder in such manner, to such extent and at such times, as is necessary to preserve the benefits or potential benefits of such Awards, including:

- (a) proportionately adjust any or all of: (1) the number and type of shares of Common Stock (or other securities) that thereafter may be made the subject of Awards (including the specific Share Limits, maximums and numbers of shares set forth elsewhere in this Plan); (2) the number, amount and type of shares of Common Stock (or other securities or property) subject to any or all outstanding Awards; (3) the grant, purchase, or Exercise Price of any or all outstanding Awards; (4) the securities, cash or other property deliverable upon exercise or payment of any outstanding Awards; or (5) the performance standards applicable to any outstanding Awards; or
- (b) make provision for a cash payment or for the assumption, substitution or exchange of any or all outstanding Awards, based upon the distribution or consideration payable to holders of the Common Stock.

8.2 The Committee may adopt such valuation methodologies for outstanding Awards as it deems reasonable in the event of a cash or property settlement and, in the case of Options, may base such settlement solely upon the excess, if any, of the per share amount payable upon or in respect of such event over the Exercise Price or base price of the Award. With respect to any Award of an Incentive Stock Option, the Committee may make an adjustment that causes the

Option to cease to qualify as an Incentive Stock Option without the consent of the affected Participant.

8.3 Upon any of the events set forth in Section 8.1, the Committee may take such action prior to such event to the extent that the Committee deems the action necessary to permit the Participant to realize the benefits intended to be conveyed with respect to the Awards in the same manner as is or will be available to stockholders of the Company generally. In the case of any stock dividend, stock split or reverse stock split, if no action is taken by the Committee, the proportionate adjustments contemplated by Section 8.1(a) above shall nevertheless be made.

8.4 Automatic Acceleration of Awards. Unless otherwise determined by the Committee at the time of the Award, upon the death or Disability of an Award recipient or upon a Change in Control of the Company or the Bank, each Stock Option then outstanding shall become fully earned and exercisable and remain exercisable for its remaining term and all Restricted Stock Awards then outstanding shall be fully earned, be deemed earned and non-forfeitable and be free of restrictions.

8.5 Acceleration of Vesting. The Committee shall at all times have the power to accelerate the exercise date of Options and the date that Restricted Stock Awards shall be earned and non-forfeitable with respect to previously granted Awards; provided that such action is not contrary to regulations of the Company's applicable banking regulatory agency then in effect.

9. MISCELLANEOUS PROVISIONS.

9.1 Compliance with Laws. This Plan, the granting and vesting of Awards under this Plan, the offer, issuance and delivery of shares of Common Stock, the acceptance of payment of money under this Plan or under Awards are subject to compliance with all applicable federal and state laws, rules and regulations (including, but not limited to, state and federal securities laws) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. The person acquiring any securities under this Plan will, if requested by the Company, provide such assurances and representations to the Company as may be deemed necessary or desirable to assure compliance with all applicable legal and accounting requirements.

9.2 Claims. No person shall have any claim or rights to an Award (or additional Awards, as the case may be) under this Plan, subject to any express contractual rights to the contrary (set forth in a document other than this Plan).

9.3 No Employment/Service Contract. Nothing contained in this Plan (or in any other documents under this Plan or in any Award Agreement) shall confer upon any Participant any right to continue in the employ or other service of the Company, constitute any contract or agreement of employment or other service or affect an Employee's status as an employee-at-will, nor interfere in any way with the right of the Company to change a Participant's compensation or other benefits, or terminate his or her employment or other service, with or without cause. Nothing in this Section 9.3, however, is intended to adversely affect any express independent

right of such Participant under a separate employment or service contract other than an Award Agreement.

9.4 Plan Not Funded. Awards payable under this Plan shall be payable in shares of Common Stock or from the general assets of the Company. No Participant, beneficiary or other person shall have any right, title or interest in any fund or in any specific asset (including shares of Common Stock, except as expressly provided otherwise) of the Company by reason of any Award hereunder. Neither the provisions of this Plan (or of any related documents), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company and any Participant, Beneficiary or other person. Notwithstanding the foregoing, the Company may establish a Trust in accordance with Section 10 with respect to Awards made in accordance with Section 6.1(b) herein. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment pursuant to any Award hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company.

9.5 Tax Matters; Tax Withholding.

- (a) **Tax Withholding.** Upon any exercise, vesting, or payment of any Award, the Company shall have the right, within its sole discretion, to:
- (i) require the Participant (or the Participant's personal representative or Beneficiary, as the case may be) to pay or provide for payment of at least the minimum amount of any taxes which the Company may be required to withhold with respect to such Award or payment; or
 - (ii) deduct from any amount otherwise payable in cash to the Participant (or the Participant's personal representative or Beneficiary, as the case may be) the minimum amount of any taxes which the Company may be required to withhold with respect to such cash payment, or
 - (iii) in any case where tax withholding is required in connection with the delivery of shares of Common Stock under this Plan, the Committee may, in its sole discretion, pursuant to such rules and subject to such conditions as the Committee may establish, reduce the number of shares to be delivered to the Participant by the appropriate number of shares, valued in a consistent manner at their Fair Market Value as necessary to satisfy the minimum applicable withholding obligation. In no event shall the shares withheld exceed the minimum whole number of shares required for tax withholding under applicable law.
- (b) **Required Notification of Section 83(b) Election.** In the event a Participant makes an election under Section 83(b) of the Code in connection with an Award, the Participant shall notify the Company of such election within ten days of filing notice of the election with the Internal Revenue Service or other governmental

authority, in addition to any filing and notification required pursuant to regulations issued under Section 83(b) of the Code or other applicable provision.

- (c) **Requirement of Notification Upon Disqualifying Disposition Under Section 421(b) of the Code.** If any Participant shall make any disposition of shares of Stock delivered pursuant to the exercise of Incentive Stock Options under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions), such Participant shall notify the Company of such disposition within ten days thereof.

9.6 Effective Date, Termination and Suspension, Amendments.

- (a) **Effective Date and Termination.** This Plan is effective upon the later of approval of the Plan by the Board of Directors of the Company or the vote of approval by the stockholders of the Company (“Approval Date”). Unless earlier terminated by the Board, this Plan shall terminate at the close of business on the day before the tenth anniversary of the Approval Date. After the termination of this Plan either upon such stated expiration date or its earlier termination by the Board, no additional Awards may be granted under this Plan, but previously granted Awards (and the authority of the Committee with respect thereto, including the authority to amend such Awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of this Plan.
- (b) **Board Authorization.** Subject to applicable laws and regulations, the Board of Directors may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part; provided, however, that no such amendment may have the effect of repricing the Exercise Price of Options, except if such action is approved by a vote of stockholders. No Awards may be granted during any period that the Board of Directors suspends this Plan.
- (c) **Stockholder Approval.** The Plan must be approved by a majority of total votes cast by stockholders of the Company at a meeting of stockholders within one year before or after approval of the Plan by the Board of the Company.
- (d) **Limitations on Amendments to Plan and Awards.** No amendment, suspension or termination of this Plan or change affecting any outstanding Award shall, without the written consent of the Participant, affect in any manner materially adverse to the Participant any rights or benefits of the Participant or obligations of the Company under any Award granted under this Plan prior to the effective date of such change. Changes, settlements and other actions contemplated by Section 8 shall not be deemed to constitute changes or amendments for purposes of this Section 9.6. Notwithstanding any provision in this Plan or any Award Agreement to the contrary, the Committee may amend the Plan or an Award Agreement, to take affect retroactively or otherwise, as deemed necessary or advisable for the purpose of (i) conforming the Plan or the Award Agreement to any present or

future law relating to plans of this or similar nature (including, but not limited to, Section 409A of the Code), or (ii) avoiding an accounting treatment resulting from an accounting pronouncement or interpretation thereof issued by the Securities Exchange Commission or Financial Accounting Standards Board subsequent to the adoption of the Plan or the making of the Award affected thereby, which in the sole discretion of the Committee, may materially and adversely affect the financial condition or results of operations of the Company. By accepting an Award under this Plan, each Participant agrees and consents to any amendment made pursuant to this Section 9.6 or Section 9.11, herein, with respect to any Award granted under this Plan without further consideration, consent or action.

9.7 Governing Law; Compliance with Regulations; Construction; Severability.

- (a) **Construction.** This Plan, the Awards, all documents evidencing Awards and all other related documents shall be governed by, and construed in accordance with the laws of the State of Maryland, except to the extent preempted by Federal law.
- (b) **Compliance with Section 111 of EESA.** The Company will administer the Plan and the Awards made thereunder in conformity with Section 111 of the Emergency Economic Stabilization Act of 2008 (“EESA”) and regulations promulgated thereunder, and the amendments to Section 111 of EESA contained in the American Recovery and Reinvestment Act of 2009 (“ARRA”) and the regulations that may be promulgated thereunder.
- (c) **Severability.** If a court of competent jurisdiction holds any provision invalid and unenforceable, the remaining provisions of this Plan shall continue in effect.
- (d) **Section 16 of Exchange Act.** It is the intent of the Company that the Awards and transactions permitted by Awards be interpreted in a manner that, in the case of Participants who are or may be subject to Section 16 of the Exchange Act, qualify, to the maximum extent compatible with the express terms of the Award, for exemption from matching liability under Rule 16b-3 promulgated under the Exchange Act. Notwithstanding the foregoing, the Company shall have no liability to any Participant for Section 16 consequences of Awards or events affecting Awards if an Award or event does not so qualify.
- (e) **Compliance with Federal Securities Law.** Shares of Common Stock shall not be issued with respect to any Award granted under the Plan unless the issuance and delivery of such shares shall comply with all relevant provisions of applicable law, including, without limitation, the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, any applicable state securities laws and the requirements of any stock exchange upon which the shares may then be listed.

- (f) **Necessary Approvals.** The inability of the Company to obtain any necessary authorizations, approvals or letters of non-objection from any regulatory body or authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares of Common Stock issuable hereunder shall relieve the Company of any liability with respect to the non-issuance or sale of such shares.
- (g) **Representations and Warranties of Participants.** As a condition to the exercise of any Option or the delivery of shares in accordance with an Award, the Company may require the person exercising the Option or receiving delivery of the shares to make such representations and warranties as may be necessary to assure the availability of an exemption from the registration requirements of federal or state securities law.
- (h) **Termination for Cause.** Notwithstanding anything herein to the contrary, upon the termination of employment or service of a Participant by the Company or an Affiliate for "cause" as determined by the Board of Directors or the Committee, all Awards held by such Participant which have not yet been delivered shall be forfeited by such Participant as of the date of such termination of employment or service.
- (i) **Cash Payment in Lieu of Delivery of Shares.** Upon the exercise of an Option, the Committee, in its sole and absolute discretion, may make a cash payment to the Participant, in whole or in part, in lieu of the delivery of shares of Common Stock. Such cash payment to be paid in lieu of delivery of Common Stock shall be equal to the difference between the Fair Market Value of the Common Stock on the date of the Option exercise and the exercise price per share of the Option. Such cash payment shall be in exchange for the cancellation of such Option. Such cash payment shall not be made in the event that such transaction would result in liability to the Participant or the Company under Section 16(b) of the Exchange Act and regulations promulgated thereunder, or subject the Participant to additional tax liabilities related to such cash payments pursuant to Section 409A of the Code.
- (j) **Forfeiture of Awards in Certain Circumstances.** In addition to any forfeiture or reimbursement conditions the Committee may impose upon an Award, a Participant may be required to forfeit an Award, or reimburse the Company for the value of a prior Award, by virtue of the requirement of Section 304 of the Sarbanes-Oxley Act of 2002 (or by virtue of any other applicable statutory or regulatory requirement), but only to the extent that such forfeiture or reimbursement is required by such statutory or regulatory provision. Unless otherwise determined by the Committee, in the event of a forfeiture of an Award with respect to which a Participant paid cash consideration, the Participant shall be repaid the amount of such cash consideration.

9.8 Captions. Captions and headings are given to the sections and subsections of this Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Plan or any provision thereof.

9.9 Non-Exclusivity of Plan. Nothing in this Plan shall limit or be deemed to limit the authority of the Board of Directors or the Committee to grant Awards or authorize any other compensation, with or without reference to the Common Stock, under any other plan or authority.

9.10 Limitation on Liability. No Director, member of the Committee or the Trustee shall be liable for any determination made in good faith with respect to the Plan, the Trust or any Awards granted. If a Director, member of the Committee or the Trustee is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by any reason of anything done or not done by him in such capacity under or with respect to the Plan, the Company shall indemnify such person against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in the best interests of the Company and its Affiliates and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

9.11 Section 409A Compliance. To the extent that any Award is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code (a "409A Award"), the Award shall be subject to such additional rules and requirements as specified by the Committee from time to time in order to comply with Section 409A of the Code. In this regard, if any amount under a 409A Award is payable upon a "separation from service" (within the meaning of Section 409A of the Code) to a Participant who is then considered a "specified employee" (within the meaning of Section 409A of the Code), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the Participant's separation from service, or (ii) the Participant's death, but only to the extent such delay is necessary to prevent such payment from being subject to interest, penalties and/or additional tax imposed pursuant to Section 409A of the Code. Further, the settlement of any such Award may not be accelerated except to the extent permitted by Section 409A of the Code. To the extent that an Award is deemed to constitute a 409A Award, and the settlement of, or distribution of benefits thereunder of, such Award is to be triggered solely by a Change in Control, then with respect to such Award, a Change in Control shall be defined as required in conformity with the limitations under Section 409A of the Code, as in effect at the time of such Change in Control transaction.

10. TRUST.

10.1 Activities of Trustee. The Trustee(s) shall receive, hold, administer, invest and make distributions and disbursements from the Trust in accordance with the provisions of the

Plan and the applicable directions, rules, regulations, procedures and policies established by the Committee pursuant to the Plan.

10.2 Management of Trust. It is the intention of this Plan that the Trustee shall have complete authority and discretion with respect to the management, control and investment of the Trust, and that the Trustee shall invest all assets of the Trust, except those attributable to cash dividends paid with respect to unearned and unawarded Restricted Stock Awards, in Common Stock to the fullest extent practicable, except to the extent that the Trustee determines that the holding of monies in cash or cash equivalents is necessary to meet the obligations of the Trust. In performing their duties, the Trustees shall have the power to do all things and execute such instruments as may be deemed necessary or proper, including the following powers:

- (a) To invest up to one hundred percent (100%) of all Trust assets in the Common Stock without regard to any law now or hereafter in force limiting investments for Trustees or other fiduciaries. The investment authorized herein may constitute the only investment of the Trust, and in making such investment, the Trustee is authorized to purchase Common Stock from the Parent or from any other source, and such Common Stock so purchased may be outstanding, newly issued, or treasury shares.
- (b) To invest any Trust assets not otherwise invested in accordance with (a) above in such deposit accounts, and certificates of deposit (including those issued by the Bank), obligations of the United States government or its agencies or such other investments as shall be considered the equivalent of cash.
- (c) To sell, exchange or otherwise dispose of any property at any time held or acquired by the Trust.
- (d) To cause stocks, bonds or other securities to be registered in the name of a nominee, without the addition of words indicating that such security is an asset of the Trust (but accurate records shall be maintained showing that such security is an asset of the Trust).
- (e) To hold cash without interest in such amounts as may be in the opinion of the Trustee reasonable for the proper operation of the Plan and Trust.
- (f) To employ brokers, agents, custodians, consultants and accountants.
- (g) To hire counsel to render advice with respect to their rights, duties and obligations hereunder, and such other legal services or representation as they may deem desirable.
- (h) To hold funds and securities representing the amounts to be distributed to a Participant or his Beneficiary as a consequence of a dispute as to the disposition thereof, whether in a segregated account or held in common with other assets.

- (i) As may be directed by the Committee or the Board from time to time, the Trustee shall pay to the Company any earnings of the Trust attributable to unawarded or forfeited Restricted Stock Awards.

Notwithstanding anything herein contained to the contrary, the Trustee shall not be required to make any inventory, appraisal or settlement or report to any court, or to secure any order of a court for the exercise of any power herein contained, or to maintain bond.

10.3 Records and Accounts. The Trustee shall maintain accurate and detailed records and accounts of all transactions of the Trust, which shall be available at all reasonable times for inspection by any legally entitled person or entity to the extent required by applicable law, or any other person determined by the Committee.

10.4 Earnings. All earnings, gains and losses with respect to Trust assets shall be allocated in accordance with a reasonable procedure adopted by the Committee, to bookkeeping accounts for Participants or to the general account of the Trust, depending on the nature and allocation of the assets generating such earnings, gains and losses. In particular, any earnings on cash dividends received with respect to Restricted Stock Awards shall be allocated to accounts for Participants, except to the extent that such cash dividends are distributed to Participants, if such shares are the subject of outstanding Restricted Stock Awards, or, otherwise held by the Trust or returned to the Company.

10.5 Expenses. All costs and expenses incurred in the operation and administration of this Plan, including those incurred by the Trustee, shall be paid by the Company or, if not so paid, then paid from the cash assets of the Trust.

10.6 Indemnification. Subject to the requirements and limitations of applicable laws and regulations, the Company shall indemnify, defend and hold the Trustee harmless against all claims, expenses and liabilities arising out of or related to the exercise of the Trustee's powers and the discharge of their duties hereunder, unless the same shall be due to their gross negligence or willful misconduct.

10.7 Term of Trust. The Trust, if established, shall remain in effect until the earlier of (i) termination by the Committee, (ii) the distribution of all assets of the Trust, or (iii) 21 years from the Effective Date. Termination of the Trust shall not affect any Restricted Stock Award previously granted, and such Restricted Stock Award shall remain valid and in effect until they have been earned and paid, or by their terms expire or are forfeited.

10.8 Tax Status of Trust. It is intended that the Trust established hereby shall be treated as a grantor trust of the Company under the provisions of Section 671 et seq. of the Code.